

स्वर्ण भारत पार्टी  
Swarna Bharat Party  
*Manifesto*



*Liberty first*

जहां डाल-डाल पर सोने की चिड़ियां करतीं हैं बसेरा



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**Heaven of Freedom (by Rabindranath Tagore: Gitanjali)**

Where the mind is without fear and the head is held high;  
Where knowledge is free;  
Where the world has not been broken up into fragments by narrow domestic walls;  
Where words come out from the depth of truth;  
Where tireless striving stretches its arms towards perfection;  
Where the clear stream of reason has not lost its way into the dreary desert sand of dead habit;  
Where the mind is led forward by thee into ever-widening thought and action—  
Into that heaven of freedom, my Father, let my country awake.

This manifesto is being continuously updated on the basis of inputs from ever-increasing members of the party and comments from the people of India. We welcome your comments at [info@swarnabharat.in](mailto:info@swarnabharat.in)

Please note that the policy in the manifesto represents the ultimate form and shape of a particular policy for India. The manifesto itself describes many transitional steps. Further, the state or local government manifestos will have intermediate policies (e.g. for schools we stand for accountability of existing schools and competitive neutrality, not yet privatisation – which is only feasible once certain precursor arrangements have been put in place at the national level).

# Contents

<b>1. EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b><u>OUR VISION AND IDEOLOGY .....</u></b>	<b>3</b>
<b>2. OUR VISION FOR INDIA: A BEACON OF LIBERTY, A LAND OF OPPORTUNITY .....</b>	<b>4</b>
2.1 THE RELENTLESS DESTRUCTION OF OUR NATION'S POTENTIAL .....	4
2.2 A CLARION CALL FOR LIBERTY AND REFORM .....	5
2.3 THE REFORM PROCESS .....	6
2.4 OUR SOLE MEASURE OF SUCCESS .....	7
<b>3. OUR IDEOLOGY: FREEDOM WITH ACCOUNTABILITY .....</b>	<b>8</b>
3.1 LIBERTY .....	8
3.2 LIBERTY IS SUBJECT TO ACCOUNTABILITY .....	9
3.3 FOUNDATIONAL LIBERTIES .....	9
3.4 THE FAMILY, COMMUNITY AND NATION .....	14
<b>4. THE ROLE OF GOVERNMENT IN A FREE SOCIETY .....</b>	<b>15</b>
4.1 THE FUNCTIONS OF A GOVERNMENT (INCLUDING WHAT IT SHOULD NOT DO) .....	15
4.2 REINING IN THE GOVERNMENT .....	16
4.3 AN INCENTIVE-COMPATIBLE, OUTCOMES-FOCUSED GOVERNANCE SYSTEM .....	18
4.4 THE TWO PILLARS OF GOOD GOVERNANCE .....	19
<b><u>PILLAR 1: WHO SHOULD GOVERN? GOOD POLITICIANS AND BUREAUCRATS .....</u></b>	<b>20</b>
<b>5. GETTING HONEST POLITICAL LEADERS .....</b>	<b>21</b>
5.1 REDUCING OPPORTUNITIES FOR CORRUPTION .....	21
5.2 INCENTIVES TO BRING IN THE GOOD, AND KEEP OUT THE CORRUPT AND CRIMINAL .....	21
5.3 STRENGTHENING AND REFORMING ELECTORAL DEMOCRACY .....	25
<b>6. AN HONEST AND COMPETENT MACHINERY OF GOVERNMENT AT ALL LEVELS .....</b>	<b>27</b>
6.1 NEW STRUCTURE TO DELIVER GOVERNMENT RESPONSIBILITIES .....	27
6.2 [EXAMPLE] ENSURING ZERO CORRUPTION IN THE BUREAUCRACY .....	29
6.3 PROFESSIONAL LOCAL GOVERNMENT INSTITUTIONS: POORNA SWARAJ .....	30
6.4 [EXAMPLE] A SPARKLING CLEAN AND SHINING INDIA .....	31
6.5 GOVERNANCE PRINCIPLES, FRAMEWORKS AND INCENTIVE MECHANISMS .....	32
<b><u>PILLAR 2: WHAT SHOULD A GOOD GOVERNMENT DO? .....</u></b>	<b>36</b>
<b>7. MINIMUM TAXES, TIGHT CONTROL OVER EXPENDITURE, AND ENSURING SOUND MONEY .....</b>	<b>37</b>
7.1 BALANCED BUDGET AND LOW DEBT .....	37
7.2 REVENUE PRINCIPLES .....	37
7.3 EXPENDITURE PRINCIPLES AND ACCOUNTABILITY .....	42
7.4 SOUND MONEY: ABOLISHING THE INFLATION TAX .....	42
<b>8. STRONG DEFENCE AND EFFECTIVE FOREIGN POLICY .....</b>	<b>44</b>
8.1 DEFENCE AND OUR NATIONAL SECURITY AGENDA .....	44
8.2 INTEGRATED DEFENCE AND FOREIGN POLICY .....	47
<b>9. EFFECTIVE POLICE, EMERGENCY MANAGEMENT AND INTERNAL SECURITY .....</b>	<b>51</b>
9.1 POLICE AND POLICING REFORMS .....	51
9.2 EMERGENCY MANAGEMENT .....	52
9.3 SPECIFIC INTERNAL SECURITY POLICIES .....	52
<b>10. EFFICIENT AND EFFECTIVE JUSTICE SYSTEM .....</b>	<b>54</b>
10.1 ROOT AND BRANCH REVIEW OF THE JUDICIAL SYSTEM .....	54



10.2	IMMEDIATE STEPS TO REDUCE CORRUPTION IN THE JUDICIARY .....	54
10.3	FURTHER REFORMS FOR AN HONEST, HIGH PERFORMANCE JUDICIARY .....	55
10.4	TIMELY, EFFICIENT AND EFFECTIVE DELIVERY OF JUSTICE .....	57
10.5	STRUCTURAL REFORMS OF THE JUDICIAL SYSTEM .....	59
10.6	MAKING THE JUSTICE SYSTEM MORE HUMANE .....	60
10.7	MODERNISATION OF LAWS .....	60
10.8	CONSUMER PROTECTION .....	64
<b>11.</b>	<b>STRONG PROPERTY RIGHTS, EQUALITY UNDER THE LAW, AND DEFENCE OF LIBERTY.....</b>	<b>65</b>
11.1	WELL DEFINED AND FIRMLY PROTECTED PROPERTY RIGHTS .....	65
11.2	EQUAL TREATMENT OF ALL.....	68
11.3	DEFENDING FREEDOM IN EVERY POSSIBLE WAY .....	68
<b>12.</b>	<b>INDIA AS A LAND OF FREE ENTERPRISE.....</b>	<b>70</b>
12.1	FIRST STEP: GETTING THE GOVERNMENT OUT OF BUSINESS.....	70
12.2	WELL-REGULATED FREE MARKETS .....	70
12.3	NO INDUSTRY, INNOVATION, OR SMALL BUSINESS POLICY.....	73
12.4	DEVELOPMENT OF SUPPORTING MARKETS.....	73
12.5	ENVIRONMENTAL JUSTICE AND NATURAL RESOURCES .....	73
12.6	EXAMPLES OF FREE ENTERPRISE .....	76
<b>13.</b>	<b>FREE ENTERPRISE IN AGRICULTURE .....</b>	<b>77</b>
13.1	INADEQUACY OF M.S. SWAMINATHAN'S RECOMMENDATIONS .....	77
13.2	A MARKET BASED AGRICULTURE POLICY .....	77
<b>14.</b>	<b>FREE ENTERPRISE IN TERTIARY EDUCATION.....</b>	<b>81</b>
14.1	TERTIARY (POST-YEAR 12) VOCATIONAL EDUCATION .....	81
14.2	HIGHER EDUCATION .....	82
<b><u>SECOND ORDER FUNCTIONS OF GOVERNMENT .....</u></b>		<b>84</b>
1) REASONABLE EQUALITY OF OPPORTUNITY.....		84
2) SOME PHYSICAL INFRASTRUCTURE .....		84
<b>15.</b>	<b>ELIMINATING EXTREME POVERTY IN THREE YEARS .....</b>	<b>85</b>
15.1	CHARITIES WILL ALWAYS HAVE A ROLE TO PLAY .....	85
15.2	ENSURING THE SOCIAL MINIMUM.....	85
<b>16.</b>	<b>ACCESS TO HIGH QUALITY SCHOOL EDUCATION FOR CHILDREN OF THE POOR.....</b>	<b>87</b>
16.1	SCHOOL EDUCATION.....	87
16.2	PRE-SCHOOL EDUCATION.....	90
<b>17.</b>	<b>EMERGENCY HEALTH FOR ALL; BASIC HEALTH FOR THE POOR.....</b>	<b>91</b>
17.1	GOVERNMENT SUPPORT FOR BASIC HEALTH AND SURGERY FOR THE POOR .....	91
17.2	UNIVERSAL TRAUMA CARE, COST RECOVERED FROM THOSE WHO CAN PAY.....	91
17.3	PRIVATISATION OF GOVERNMENT PRIMARY HEALTH CENTRES AND HOSPITALS .....	92
17.4	OTHER UNIVERSAL HEALTH PROGRAMMES .....	92
17.5	DRUG POLICY .....	92
17.6	HEALTH REGULATION.....	92
17.7	COMPENSATION FOR DEATH/INJURY IN RIOTS AND NATURAL CALAMITIES .....	93
17.8	EXAMPLE: ALCOHOL POLICY.....	93
<b>18.</b>	<b>WORLD-CLASS PHYSICAL INFRASTRUCTURE .....</b>	<b>95</b>
18.1	POLICY PRINCIPLES .....	95
18.2	WELL-PLANNED URBANISATION, INCLUDING PRIVATE CITIES .....	96
18.3	TRANSPORT INFRASTRUCTURE AND POLICY.....	96
18.4	WATER INFRASTRUCTURE .....	99
18.5	ENERGY .....	99
18.6	PUBLIC TOILETS .....	100
18.7	DISABLED ACCESS TO PUBLIC INFRASTRUCTURE .....	101

<b>THIRD ORDER FUNCTIONS OF GOVERNMENT.....</b>	<b>102</b>
<b>19. AREAS WHERE GOVERNMENT HAS NO ROLE, OR A VERY LIMITED ROLE .....</b>	<b>103</b>
19.1 NO POPULATION POLICY: FREEDOM WILL CREATE ALL ANSWERS .....	103
19.2 ENABLING PEOPLE TO PRESERVE THEIR OWN CULTURAL HERITAGE .....	103
19.3 SPORTS .....	104
19.4 GOVERNMENT AWARDS ONLY FOR PUBLIC SERVANTS .....	105
19.5 SCIENCE, R&D AND INNOVATION .....	105
19.6 EVIDENCE BASED APPROACH TO MAN-MADE GLOBAL WARMING .....	106
<b>OUTCOMES OF THIS AGENDA FOR INDIA .....</b>	<b>107</b>
<b>20. A SELF-RELIANT, RESPONSIBLE, FREE SOCIETY .....</b>	<b>108</b>
20.1 JOBS ARE CREATED BY PEOPLE, NOT BY GOVERNMENTS.....	108
20.2 FOOD, HOUSING AND SHELTER .....	109
20.3 EDUCATION.....	109
20.4 HEALTH .....	109



# 1. Executive Summary

Upon becoming independent, India started with a reasonably good Constitution based on the principles of classical liberalism: liberty and strong property rights. But the promise of a free India was short-lived. We were soon to experience decades of growth in the size of the government machinery and intervention by government in the ordinary lives of citizens.

Big government (both incompetent and corrupt) destroyed enterprise and significantly curbed liberty of thought and expression in India. India now ranks poorly on international comparisons of liberty and prosperity. With some economic liberalization in the 1990s, one form of illiberalism (statism) did recede, leading to spectacular improvements in many aspects of life. However, other forms of illiberalism, such as religious bigotry, seem to have since strengthened, along with intense crony capitalism. Our democracy has seriously decayed, with the corrupt and criminal fast-tracked into Parliament, even as good people mostly choose to stay away.

There is an exodus of the best and brightest Indians to lands which offer liberty and opportunity. By all benchmarks, India is *independent* but is definitely not *free*.

## **A fundamental overhaul of our governance system and policies**

We need to leash the government and unleash the people. This requires a complete overhaul of our governance systems and policies.

This agenda, underpinned by the philosophy of liberty, proposes reforms to ensure that only honest politicians are motivated to join the political system, and that our bureaucracy is accountable and competent. It also proposes a suite of economic reforms and world-class regulatory models and frameworks to enhance liberty and accountability. These reforms involve an overriding emphasis on individuals over institutions, with a government that acts in the general public interest rather than particular vested interests, a government that is less costly but more effective, small but strong, less intrusive and which ensures the rule of law and equal treatment for all.

Key reforms detailed in this manifesto include:

1. A new machinery of government and world-best governance frameworks. This involves:
  - a) State funding of elections on per-vote basis, fast-track courts to dispose all cases involving elected representatives within one year, and high salaries (but no perquisites or pensions) for politicians to ensure good and competent people enter politics, and the criminals and the corrupt stay away.
  - b) Consolidation of Central Governments departments into no more than ten, contractual appointment of each secretary (selected from the global open market except where national security is involved), with all further senior appointments made by the secretaries or their delegates on contractual basis without any right to natural justice upon dismissal. Replacement of the IAS and all other tenured services by contractual, accountable executives at senior levels of government, with (at the earliest opportunity) repeal of the Constitutional provision for all-India services and special protections for public servants.
  - c) Strong and independent tier of local government, with the power to employ CEOs on contractual basis to deliver high quality local services and infrastructure.
  - d) Implementation of world-best policy and regulatory frameworks (including regulatory impact statements, cost-benefit analyses that are independently assessed; and policies to maximize competition and ensure competitive neutrality). In general, a government should provide almost no services directly, including utilities and education, but enable the people – also known as the private sector – to do so, subject to appropriate (including incentive) regulation.



- e) Elimination of corruption within three years through a radically improved governance and accountability system, including a radically restructured real estate system.
2. A focus mainly on first order functions, being the essential functions of the government:
- a) Urgent establishment of law and order and the rule of law, including security for everyone (particularly women) and quick and effective justice for all. This would include freedom of speech at the level assured by the First Amendment of the American constitution to its people, and religious freedom: with the state and religion kept entirely separate. Emergency management is part of this core function of government.
  - b) Reducing taxation, broadening the tax base, and significantly increasing tax compliance to end black money. Along with pruning unnecessary functions, this would bring down inflation and achieve triple-A rating for any remaining government debt.
  - c) Economic reforms, including removal of unnecessary restrictions on production and trade, to enhance productivity and create opportunities for entrepreneurs, thus creating a vast number of jobs. This will include facilitating deeper engagement with Asia and delivering more growth from Asia. For farmers, these reforms will involve untrammelled freedom of access to markets and technology while (incrementally) eliminating the minimum support price (MSP) and suspending agricultural loans during a transition period.
3. Performing second order functions only after the first order functions have been performed well:
- a) Procuring or motivating the creation of high quality infrastructure, including in the areas of transport, power, water, sanitation and broadband. Our focus will be on ensuring world-class 21st century infrastructure to facilitate commerce, reduce congestion and increase productivity.
  - b) Reasonable equality of opportunity for all, including access to high quality school education for the children of the poor (through privatization of the entire school system, and targeted vouchers for the poor), health cover for the poor, and total elimination of extreme poverty in three years through targeted negative income tax.

Our plan will deliver freedom and (therefore) jobs and much higher real wages for all Indians. It is reasonable to project India as a \$50 trillion economy (in current US dollars) by 2050, should the reforms outlined in this manifesto be implemented in their entirety.

## Our vision and ideology



## 2. Our vision for India: A beacon of liberty, a land of opportunity

Tens of thousands of Indians leave our shores each year in search of opportunities in distant lands like the USA, UK and Australia: far from friends and family. There, they start life at the bottom of the ladder and work their way up, one step at a time. We need to ask, why do they leave, why don't they stay with us, where they are respected and often already well-established?

An unpleasant truth stares back at us: the absence of freedom and opportunity in India, and our injustice, lack of security, and high levels of crime and corruption. When life itself is not secure and it is virtually impossible to run a business without constantly bribing someone or another, when India is by all international benchmarks almost a banana republic, what else should our best people do? Particularly if India constantly refuses to understand the basic principles of good governance, despite repeated efforts.

This must change. If Swarna Bharat Party is elected to power, today's state of affairs will mark the lowest ebb in India's history. Our vision and strategies will make India a land of freedom and opportunity greater than the West has ever seen. We will create an India to which the best people from all over the world make a beeline to live and work, and our best people find it worthwhile to stay back and raise their families.

This vision may sound implausible today, but India had a track record of outstanding achievement in the past. We will once again enable India to achieve great things. Most system changes can be implemented within three years. All that is needed is a people, a country, ready for change.

### 2.1 The relentless destruction of our nation's potential

For thousands of years, Indian science, agriculture and craftsmanship were unparalleled – relative to the standards of the day. We supplied most needs and luxuries for the Roman Empire and Europe<sup>1</sup>. In return, India was the final destination for most of the world's gold. No wonder, India has long been known as the golden bird (*Sone Ki Chidiya*). India was humanity's guiding light, with many world religions and philosophies arising here.

Unfortunately, this proud tradition did not continue for long. Today, 67 years after the British left, why are we nowhere near our potential? We are, today, less a republic, more a tyranny. A severe crisis of confidence in the government and justice system has depleted initiative and innovation. We can't blame the British for our sorry state of affairs any longer: six decades after we achieved self-rule.

Most gains since independence, such as increased food self-sufficiency, improved life expectancy and communications, have been achieved in spite of government, not because of it. Technological strides, mostly driven from outside India, have improved our lives, not actions by governments. Instead, the government has hindered us, even betrayed us, at almost every step.

India, which had 25 per cent share of world trade not so long ago, now engages in a tiny 1.2 per cent of global trade. Our economy is just 2.7 per cent of the global economy, compared with the more than 30 per cent it was in the past. Tiny countries like Singapore, Malaysia and Hong Kong, mid-sized countries like South Korea, Taiwan, Japan, and large countries like China have made rapid progress, but we continue to languish at the bottom (see the table in the Appendix).

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<sup>1</sup> Mukund, Kanakalatha, *Merchants of Tamilakam: Pioneers of International Trade*, Delhi: Allen Lane, 2012. (Series Editor: Gurcharan Das), see Foreword.

It is time to act. Not populism, but political courage and systematic action is the need of the hour. We need a complete overhaul of our governance frameworks.

## 2.2 A clarion call for liberty and reform

The country is searching for reasons to be proud. Even tiny ‘achievements’ (relative to global standards) are exaggerated and glorified, in a nation largely starved of reasons to feel proud. Worse, we have started to delve into - the often questionable – achievements of the distant past, seeking to piggy-back on what our ancestors may have done thousands of years ago. It is time to stop looking back for self-respect, and to build a great India for the future.

Let’s open our mind to freedom. Let’s find a purpose. Let’s wake up and take charge of our country.

We give a clarion call to Indians to:

- overthrow the tyrants who in the name of governing, are looting India; and
- insist on liberty, good governance, and total accountability.

We want an India where no child, woman or man goes hungry or feels unsafe. We want an India which is a land of opportunity and freedom. We want an India in which a *Sone Ki Chidiya* chirps on every branch of every tree.

This will need reform, not populism.

This manifesto offers a blueprint for an India with unparalleled prosperity. We call upon the youth to participate in creating a new India which they can be truly proud of.

### 2.2.1 India to be the world’s centre of gravity for freedom and prosperity

We will make India the world’s centre of gravity for freedom, justice, peace, innovation and prosperity. We are committed to an India where, among many other things:

- our government knows its rightful place – at all times: namely, that it is our agent, our paid servant;
- we are free to pursue our happiness so long as we don’t harm others;
- the taxes are low, government debt is paid off, we have a strong rupee (or a range of robust private currencies), and black money is drastically reduced;
- Indians are able to set up businesses and trade (including globally) without hindrance;
- India is a single economic market without unnecessary obstacles to inter-State and intra-State trade;
- there is prompt and proportionate justice, and everyone is safe, women are protected and respected;
- everyone has a reasonably equal opportunity for advancement, and the society rewards contributions through market competition, not on the whims of our servants (politicians and bureaucrats);
- even the children of the poor get to attend high quality schools;
- everyone gets access to immediate emergency health care, with those in extreme poverty also insured for basic health care;
- no one lives in extreme poverty, with a frugal level of support for the poorest of the poor;
- only the honest aspire to become our elected representatives;
- corruption is eliminated and government officials are fully accountable;
- the government doesn’t forcibly acquire our land to hand over to big business;
- the government facilitates citizens to build and manage roads, power, ports and railways, utilities, and other critically needed infrastructure; and
- development is sustainable because incentive-based (including market-based) systems preserve the diversity of our flora and fauna.

These and many related outcomes, detailed in this manifesto, can only be achieved through a comprehensive reform of India’s governance system and policies.

Populist election planks and gimmicks can only *further* destroy India. Free rice, water or electricity, promises of government jobs, and direct bribes for voters in the form of cash, liquor, utensils and sarees during elections are a sure way to further shackle India’s potential.



We call upon Indians to judiciously apply their mind to real solutions. This document offers all key solutions to India's many problems. We appeal to you to carefully review this and join us in implementing these reforms.

## 2.3 The reform process

The current system of governance is tailor-made for corruption, injustice, inefficiency and obstruction of entrepreneurship. The reforms we need can be classified under two groups: getting good people into government, and ensuring they only do what they should, but competently.

Illustrative highlights of these reforms are outlined below. Details are provided throughout this manifesto.

### **Get good people into government: Governance machinery and system reform.**

- Create a governance system which motivates good people to enter politics. This will involve state funding of elections on a per-vote basis, and paying politicians and top bureaucrats very well but holding them firmly to account.
- In the case of bureaucrats, replace tenured services with contractual appointments at senior levels, allowing immediate termination for non-performance.
- Create a strong tier of local government with powers to employ CEOs on contractual basis to deliver high quality local services.

### **Ensure that the government does only what it should**

- Limit the government only to areas where it has a legitimate role. Thus, for instance, withdraw it from running businesses. Consign to the rubbish bin those laws which give officials a handle to bully people and extort money. Ensure that defence, police and justice is absolutely world-class. Undertake fundamental economic reforms.
- Strictly enforce the separation between religion and the state.
- Create *Poorna Swaraj* through significant decentralization, including by strengthening and empowering local elected bodies (within the constraints that should be applicable to all levels of government).
- Cut taxes and broaden the base. Prune the state.
- Have only one programme to eliminate poverty, and thereafter abolish all other schemes and subsidies created in the name of the poor.

### **2.3.1 Transitional arrangements**

Changes should be well-planned, not disruptive. This might mean that some inefficiencies will continue for a while, till all changes are carefully embedded. Some changes will take less than three years to implement; others will take a little longer. But by the fifth year, almost all reforms would have been successfully embedded.

India will then be an entirely different country, free for the first time. With *Poorna Swaraj* realised in our daily lives.

### **2.3.2 Employees of public sector undertakings to be taken care of**

Our Party is committed to undertaking changes to policy in a manner by which everyone involved is enabled to understand the rationale for the change and through which no one becomes financially worse off, or experiences distress. No employees should experience either financial or psychological distress in consequence to this change programme, for that would violate the principles of justice. These employees were not responsible for the policy mess and culture of incompetence created by politicians who adopted Nehruvian socialism. Therefore, the government owes them a duty of care to ensure that they are given a reasonable time to rebuild their life where their departure becomes necessary.

The government must always be a model employer and set the highest standards of behaviour and people management. Ensuring the health and safety of employees will be a major duty of managers of this change programme.

This commitment would be on a sliding scale, from one year for staff with less than five years service, up to five years for staff with greater than 15 years service.

Managers will be empowered to make relatively small adjustments to the speed of the change to humanely manage employee well-being. Throughout this process, collective bargaining will also be encouraged, without sacrificing decisiveness. Collective representation is an opportunity to understand the concerns of employees and to engage them actively in the change process. We definitely don't want the current styles of authoritarian management to continue.

## 2.4 Our sole measure of success

There will be many milestones on this journey to success. All of them will need to be identified, planned, and monitored.

But we ask the country to focus only on one ultimate indicator of success: the reversal of India's brain drain. When thousands of our best and brightest halt their exodus from India, and when the world's best graduates become desperate to migrate to India, *then* we will know we have succeeded. Not one day earlier.

That day, India will become well-entrenched as the beacon of liberty to the world, the greatest land of opportunity the world has ever seen.

Soon thereafter, India's per capita income will rise to exceed the world's highest, a foregone eventuality.



## 3. Our ideology: Freedom with accountability

We are the party that stands for citizens' liberties and strong constraints on the government. Our commitment to liberty is consistent with India's ancient traditions of personal accountability, open debate, tolerance and free speech.

Liberty includes the freedom to make mistakes. An intrusive state that prevents us from making mistakes or prohibits private folly or self-harm marks the end of freedom and violates the *raison-d'être* for the state. Regulations for public decency and safety notwithstanding, we must remain free to act and learn.

We stand by most principles enshrined in the original Indian Constitution, which asserted private property and assured us that all Indians will be treated equally before the law. There were some misperceptions in the Constitution, like caste-based exceptions to equal treatment for 10 years, unnecessary limits on freedom of expression, Directive Principles of State Policy, and special rights for public servants, but overall, it was a good start. Unfortunately, our Constitution was distorted and our freedoms truncated by successive governments. As a party that stands for rules-based governance and the primacy of the individual over the state, we will restrain government by undertaking significant constitutional reform.

### 3.1 Liberty

Each of us is born a separate individual. We live and die as individuals. Although a tautology, this is an unalterable law. Everything good about a nation therefore begins and ends with the individual. The free society exists purely to support the life and liberty of the individual.

Accordingly, each human life is of ultimate value, a thing of mystery, wonder and beauty. We insist that each human life be protected by the state – or be subject to due process (Those who murder or otherwise kill or harm others in a private capacity must be subject to due process: no one is free to harm others.)

Life is not worth living without freedom. Patrick Henry said, 'Give me liberty or give me death'. This cry for freedom shall not be stifled or stilled. It emerges from the deepest recesses of every human's soul. Slavery, either to others or to the government, is not an option.

India's tradition of liberty has often focused on the salvation of the soul. But whether we seek such salvation or wish to otherwise fulfil our dreams, we need the freedom to explore the world and find our way. Freedom involves independent thought and self-directed, self-restrained action. It is as free individuals, through learning (including from our mistakes), initiative and enterprise, that we can reach our goal. A man's right to think and speak what he will, to work as he chooses, to spend what he earns, to own property, to have the state as servant and not master: these are essential to the India we want.

Freedom is priceless in its own right, but it also has impacts on our material well-being. Well-regulated free societies create an environment in which businesses can compete and thrive, without undermining consumer choice and safety. A free society is best placed to overcome poverty and become rich because its citizens can aspire to their highest potential, confident in their equal rights and in laws that are administered dispassionately and fairly.

Our ideological emphasis on individual liberty does not come at the expense of the nation. A nation is more than a geographical boundary. We are keen participants in the communitarian project of nation-building. All we suggest is that a rightful focus on the nation must not come at the expense of the individual. It is from an assurance of freedom for all its citizens that a nation derives its moral validation, and its loyalties.

## 3.2 Liberty is subject to accountability

Freedom is bound at all times by accountability. There is no freedom to harm others. (The harm caused must, of course, be direct and real, not subjective, exaggerated or imaginary.)

Our rights are limited by the equal rights of others. Where our actions impact others (positively or negatively), our mutually agreed prior contracts and understandings create precisely measurable accountabilities. Justice is the process of assuring such accountabilities. A free society requires a system of justice in which general laws apply to all, and everyone is held to account. The state, as umpire, merely assures our safety and documents these understandings and accountabilities through the laws. It does not create them.

### 3.2.1.1 Accountability to other forms of life

Animals have a right to live without pain. We do not have a right to inhumanely treat any animal, including animals we consume for food. While these other forms of life cannot speak for themselves, we are accountable to each other for creating a humane society. Swarna Bharat Party is committed to the protection of wildlife and domesticated animals. In addition, we believe that plant diversity and the environment must be well maintained, for ourselves and our future generations.

## 3.3 Foundational liberties

Liberty is comprehensive. No list can do it adequate justice. Nevertheless, we outline a few foundational liberties below.

### 3.3.1 Freedom of speech

Freedom of speech is the lodestar of liberty. Without it, no other liberty can possibly exist.

When Lillian Gobitas Klose at age 12 refused to recite the Pledge of Allegiance (to salute the US flag) as an act of conscience, the American Justice Robert Jackson said in 1943 'If there is any fixed star in our constitutional constellation, it is that no official, high or petty, can prescribe what shall be orthodox in politics, nationalism, religion, or other matters of opinion or force citizens to confess by word or act their faith therein.'

Free speech is not always pleasant to the ears. Speech can be used by obnoxious people and by those we despise. But a free people would rather be exposed to the inconveniences attending too much liberty than those attending too small a degree of it. Defending freedom of speech means, at the *only* meaningful level, defending the speech rights of people one profoundly disagrees with or despises.

A mature democracy insists on absolute freedom of speech. The USA set an example for the world through the First Amendment to its Constitution. Its example has not been improved to date. The First Amendment states:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

The American First Amendment is not outcome-dependent. The US Government is barred from restricting speech no matter any good results that would result from restrictions. The dangers of allowing a government to restrict speech overwhelmingly exceed any benefits so derived. The USA will never have Nazis and fascists in power, not because America is free of racism or authoritarianism, but because when such ideas are discussed freely and openly, they can be refuted freely and openly. The more an idea is suppressed, the stronger it becomes.

Such a simple rule – about absolute freedom of speech – was all we needed in the Indian Constitution. Unfortunately, that's not what we got. And by now, speech rights have been so badly diluted that we have no meaningful free speech protections. As a result, India's press freedom ranks 140 out of 181 nations in the world and every fanatic is free to block speech because he or she can't control his or her violent urges.



Being offended doesn't lead to leprosy. It is a subjective state, not something anyone is obliged to bother about. It is no excuse for blocking free speech.

India must have absolute free speech. Nothing less will do. Although many of its articles are phrased in a confusing manner, there is no confusion in Article 19 of the Universal Declaration of Human Rights, which states unambiguously: 'Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers'.

The only legitimate restrictions to speech relate to fraud (including creating undue panic), libel, extortion, divulging military secrets, and credible threats of violence or incitement to immediate violence. But these exceptions must be strictly delineated and individually justified. And, of course, commercial speech can be regulated for appropriateness of the age of the audience (e.g. time-based programming on TV).

India once had a proud heritage of free speech and open discourse. Unfortunately, during British rule we lost much of this and have still not recovered. Draconian laws like s.153A and s.295A of the IPC pander to the whims of fundamentalists. Many more draconian laws are by now rampant, such as s.66 of the IT Act (even as 66A has been declared unconstitutional). These must go.

To achieve absolute freedom of speech:

- We will introduce a Constitutional amendment that assures Indians the free speech rights that the citizens of the USA enjoy.
- We will repeal all laws that curtail freedom of speech or allow bans or censorship. Censorship is a form of violence (by the state) in response to non-violence (speech). The colonial provisions about sedition and blasphemy are entirely inconsistent with free speech. We will amend s.124A of the IPC to check the misuse of sedition by state authorities against political malcontents or opponents. The amendment will incorporate the Supreme Court's 1962 interpretation that, no matter how much an accused spreads 'disaffection' against a government, sedition can't be invoked unless he incites people to violence.
- We will revoke all bans on books and movies, except any that involve a direct threat or incitement of violence.
- We will abolish the Censor Board. The market can supply rating agencies (e.g. film industry bodies) to classify films for age-based viewing suitability. Adult Indians do not need a government to tell them what they can watch. If a government functionary in a Censor Board presumably doesn't become depraved or violent by viewing a film (no excuse can justify violence), it is preposterous to suggest that Indian adults – who pay the salaries of these officials – will. All Indians remain accountable at all times for their actions, and cannot blame any violent acts on any movie or book.
- We are dedicated to internet freedom. The internet offers a communication system uniquely free from government intervention. We will remove regulatory barriers to internet innovation and prevent any unnecessary government interference with new technologies. We object to the governance of the internet by any governmental or intergovernmental organization.
- We will stay out of broadcasting and allow people to operate their private broadcasting services (TV, radio, internet radio) on payment of market-determined fee, wherever applicable.
- We will review laws regarding national symbols and the flag to bring them in consonance with freedom of speech. The rights of citizens – who may choose to express their dissent in loathsome but peaceful ways – are more important than the perceived 'rights' of a collective (e.g. nation) to its symbols. Symbols cannot be allowed to trump freedom of thought and conscience.

### 3.3.2 Property rights

Property accrues to us through our actions (including the actions of our parents or other well-wishers), being an attribution of the results of these actions. It arises, thus, from justice. Further, the law of limitations prevents endless pursuits regarding the origins of the specific property.

While property is an outcome of justice, equally, there can be no justice without the certainty of property rights. Without property rights there can be no trade either; hence no civilisation. A free society government's role includes clarifying and defending the scope and extent of property rights.

In defining and protecting national territory, the state acquires eminent domain. This does not, however, over-ride private property rights, and must be used only for specified public purposes.

We outline elsewhere a constitutional amendment to affirm property rights, and to place strong limits on eminent domain, in order to constrain the coercive land acquisition powers of the state.

### **3.3.3 Religious freedom**

The right to live, work and worship according to one's faith is a fundamental freedom. Everyone must have the freedom to profess and maintain his or her opinion in matters of religion. People are entitled to seek the truth (as they see it), form beliefs and live according to the dictates of their conscience. They are entitled (if they wish) to care for the poor, heal the sick and serve their communities in accordance with the faith.

The issue of religion is intensely private. How can the state, a mere servant of the people, have a role in such a private matter of its master?

The state and religion are distinctly different domains. Citizens in a free society do not delegate any power to the state on matters of religion. Religion can never be the business of the state. The state must be entirely non-denominational. It cannot ask citizens about their religious beliefs or 'caste'. Not only must the state not distinguish amongst citizens on grounds of religious belief, it must not recognise, comment on the merits, or make any laws regarding any religion. The government must, at all times, be 'religion-blind', 'caste-blind', 'tribe-blind', 'language-blind'. It is an umpire, not a proponent.

If someone who claims to be acting on behalf of a religion acts violently, the government must (in a completely unbiased manner) come down harshly on the violence, regardless of the alleged motivation. The issue of religious motivation is not a matter for the government to address. Citizens need to be held to account for any harm they cause, regardless of their motivation (religious or otherwise).

Likewise, a government must not recognise 'religious minorities', since everyone must have *equal* protection under the law. Creating specific 'minority' rights violate the principle of equal treatment. (After the governance reforms are fully embedded and rule of law established, we will seek to repeal Articles 29 and 30 of the Constitution.)

In India, some religious practices have become a part of social life. Many official events involve lighting a lamp, for instance, and a *tika* applied to the guests or they are welcomed with garlands. To avoid any confusion, we will require elected representatives from Swarna Bharat Party to strictly abjure the use any official title in such events, and participate purely in their private capacity. They will also not be allowed to bill taxpayers for attending any event with religious overtones.

#### **3.3.3.1 Swarna Bharat Party's position regarding religious conversion**

Religious freedom necessarily includes the freedom to proselytise or convert, i.e. to change one's beliefs. It must however, like all other freedoms, be accompanied by matching accountability. Although freedom of speech includes the right to preach and convert others, it must be done through legitimate methods of persuasion. We do not approve of attempts to convert people through bribes or misleading conduct.

This does not mean, however, that the government has any role in such matters. Any issue of coercion or fraud is already addressed by normal laws. Instead, we will encourage religious organisations to work out a self-regulatory code of practice that establishes minimum standards for proselytisation and conversions.

We will also repeal and/or declare unconstitutional any law that prevents conversion, even by the alleged use of 'force, allurements, inducement or fraud'. Such laws are both unnecessary (matters of concern such as force, are already dealt with through normal laws) and counter-productive, since they leave enormous discretion with the authorities, leading to whimsical interpretations and potentially inciting social unrest. Only a self-regulatory regime can deal with the sensitivity and complexity of such matters, while preserving the freedom of religion of all Indians.

We are concerned about religious activities funded by foreign organisations. We will review the Foreign Contribution Regulation Act to clarify the meaning of the term 'political'. Except for funding specifically



intended (and used) for non-denominational educational activities and promotion of health, foreign funding that promotes any particular religion will be classified as political and thereby prohibited. Any attempts to circumvent these prohibitions will be firmly dealt with.

### **3.3.3.2 No state funding of religious institutions or activities**

To scrupulously demarcate the domains of religion and the state, a government must not financially support any religious activity. For instance, subsidies for Durga Puja events on the basis that these events increase tourism are not admissible. Similarly, subsidies for religious pilgrimages such as the Haaj, or deputing government functionaries to manage a temple, are not within the scope of the state.<sup>2</sup> Today, the government is often asked to step in when a temple's organisation becomes defunct or temple land reverts to the state. We will enact laws to prohibit government management of religious institutions. Any such temple could request the courts to appoint an administrator, but that administrator shall not be an employee of the government. Further, we will auction any religious properties that revert back to the state, just like any other surplus government land.

### **3.3.3.3 Religious institutions not to encroach public land**

Being religious does not give us a natural right to break the law, such as by encroaching public land, harbouring criminals or terrorists, harassing or threatening people engaged in non-violent discourse, or creating a public nuisance such as by feeding stray animals, fouling rivers and ponds, or blaring loudspeakers at unseemly hours. Anyone who violates the general laws must be brought to book, regardless of claimed motivation.

We will firmly stop encroachments on public land by religious or other organisations. Any such 'religious' super-structure (building) will either be removed and auctioned to recover costs of removal, or handed to any religious organisation/s that wish to take ownership – subject to their paying the costs. Similarly, we will not hesitate to penalise any religious or other institutions that violate noise regulations.

### **3.3.4 Freedom of occupation and trade (Free enterprise)**

Markets, where citizens voluntarily trade and barter or undertake an occupation of their choice, determine the economic value of any goods and services that we produce through the interaction of supply and demand. In their natural pursuit of profit, sellers steer their resources to where the demand, and therefore price, is highest. Resources are drawn to their most valued application without the need for any central direction.

No government is capable of determining the price (economic value) of any product at a point in time since it cannot (no one can) have access to the local information relevant to *each* transaction. Markets – through voluntary exchange – lead to Pareto optimal outcomes (in which no person is made worse off, while most become better off). Each market transaction thus adds to a society's wealth: such increasing prosperity being a happy consequence of freedom.

Instead of trying to plan an economy (through quotas, for instance) or undertaking activities that the market should, the state has a pivotal role in establishing and monitoring the rules of the game. It needs to facilitate free markets through appropriate regulation against fraud or abuse. There is no freedom to harm anyone, so voluntary transactions must abide by the discipline of contracts and accountability. Similarly, while ensuring freedom of occupation, we will regulate risky professions to ensure social decorum and occupational health and safety. The state can also facilitate infrastructure, including a (minimalist, enabling) design of urban spaces, to foster trade and prosperity.

India was a free market in labour, goods, services, and capital for thousands of years. The world came to our shores to trade. But since independence, the Indian state has not heeded the learnings documented

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<sup>2</sup> This does not mean that the State will not provide security for religious events. In most cases, however, the organisers will be required to pay a fee to cover the costs of security.

in the *Arthashastra*. It has, instead, blocked business and trade (often in the name of protecting the fat cat 'infants' who allegedly run our businesses) and taken up direct ownership of businesses. This is a sure way to impoverish a nation. And so India ranks poorly on the World Economic Forum's Global Competitiveness index.

Countries at the top in global competitiveness rankings have stable, transparent and effective institutions that foster enterprise, sound and healthy public finances, an attractive tax regime, excellent infrastructure and connectivity, a world-class education (including vocational) system, flexible labour markets, high levels of business sophistication and an exceptional capacity for innovation. All this suggests numerous roles for government in supporting free trade and free enterprise, not directly engaging in business. It is not only free trade with other countries that is needed, there needs to be free trade within India. The only occasion when free trade could potentially be questioned is when goods are 'dumped' at prices below production cost. But this argument is similar to the 'infant industry' argument. In such cases as well, demanding barriers to trade is (except in the rarest of cases) bad policy. Only through robust competition can India increase the wealth of its people.

### **3.3.5 Equal treatment under the law (Rule of law)**

Everyone must be equally free. This means the laws must apply equally to all. The state must be blind to differences amongst its citizens. This foundational principle of a free society rules out industry subsidies or special favours to any group. Likewise, recruitment and promotion decisions in the government cannot consider birth or social characteristics.

But what about the social insurance programme that pays a top-up income to the poor? This programme is a general, rules-based insurance policy. It is available to all citizens when they fall into extreme poverty. Hence it does not violate the rule of law.

There is an important proviso. The rule of law applies only to the laws and to the state. It does not oblige private citizens to treat each other equally. They are free to trade, bargain and hire and fire as they wish – on the basis of any characteristic. That the market is unlikely to reward them for discrimination does not concern the state. They do not break any principle of liberty by discriminating in their private capacity.

### **3.3.6 Reasonable equality of opportunity**

For freedom to become more meaningful, a free society should aim (through a social insurance programme) that everyone gets – to the extent reasonable – a level playing field. An absolutely equal playing field is fundamentally impossible since each person's intelligence and talents are different, being largely determined by biological processes. This does not mean that avoidable handicaps (such as extreme poverty) can't be addressed by the state.

A free society aims to equalise opportunities to the extent reasonable by educating and ensuring healthcare for the poorest, and by eliminating extreme poverty.

Subject to satisfactory funding and achievement of the core functions of the state (defence, police and justice) we will enact a social insurance programme to ensure that Indians who are unable to provide for themselves are able to live in frugal dignity and send their children to good schools. The social minimum will be just enough to eliminate extreme poverty but not enough to distort work incentives. This is by no means a redistribution programme. We do not believe in transferring money from hard working taxpayers to those who choose to be idle even when fit to work. The social minimum will remain quite basic, far lower than anyone would like to settle for. And there will be a work test for any payment made.

### **3.3.7 Right to responsible gun ownership**

Gandhi said that among the many misdeeds of the British rule in India, history will look upon the Arms Act - which deprived a whole nation of arms - as the blackest.

Citizens have a basic right to bear arms to defend their life and liberty. This right exists first and foremost against potential state tyranny. In independent India there have been innumerable cases of governments siding with (even supporting) rioters from one religious group against another. But even if the police are efficient, they cannot reach every place quickly.



Nevertheless, SBP believes that the possession of arms (including swords and large knives) must be regulated given the risks of misuse (including accidental use). Criminals and the insane cannot be allowed to possess arms. Arms must be registered at all times, with fees set at the level of efficient cost recovery. Citizens must demonstrate that they have been adequately trained in weapons safety and use prior to being able to purchase a weapon.

Certain arms must be banned for civilian use. These include fully automatic firearms, silencers, explosives, chemical, biological or nuclear materials, armour piercing bullets, hollow-point bullets, short-barrelled handguns, gun turrets on vehicles, grenades, rockets, ballistic missiles, tanks, fighter jets and such high intensity arms.

In this regard, SBP supports competition in relevant weapon manufacturing, storage and transport industries. Further, individuals and organisations would be entitled to establish facilities that involve the use of firearms, such as shooting ranges and hunting reserves.

### 3.4 The family, community and nation

The individual – the focus of our ideology – is closely integrated to the community through a bond that goes beyond geographical boundaries. Our ideology encompasses a significant role for the family, community, and nation.

#### 3.4.1 Family

The family is the primary institution for fostering values. Only through cohesive families can a cohesive society be built. The success of marriage and family creates a successful society and nurtures new generations. Studies show that married adults tend to live longer, are healthier and even have higher incomes. We particularly value the role of mothers, sisters, and daughters in nurturing a great society; but everyone has a role to play.

#### 3.4.2 Community

A free society is a society of self-driven volunteers. It relies on the voluntary participation of citizens in clubs, associations, charities and community groups. A pluralistic free society has a wide range of civil society organisations, each focused on developing a unique aspect of community life.

As individual members of Swarna Bharat Party, we are firmly committed to social equality, in addition to equality under the laws. This means we celebrate all Indians and oppose social discrimination, such as through caste structures. Many of us will continue to fight for the equal social status for all Indians in our private capacity. Some of us will also undertake reforms relating to our own religion. (The government has no role in social or religious reform.)

#### 3.4.3 Nation: *Samagra Bharat*

India is a civilizational idea, and since 1947 it is a united nation. But for all practical purposes, it is founded in territory. Without physical territory that is jointly defended by its citizens, a people become vulnerable to aggression. It is crucial to have an effective, strong nation. We firmly support and defend the integrity of India's territory and the oneness of its people.

Further, our planet – long battered by a barbaric horde of collectivist ideologies – needs an ethical compass. Indian philosophical traditions – founded on freedom, tolerance for diversity, and an appreciation of differences of opinion – can provide a guide. We believe India has a role to play in building and sustaining a peaceful world.

## 4. The role of government in a free society

We have already alluded to the role of government in the free society, in some detail. In brief, this mainly involves defending life and liberty, and being an umpire.

This is not a small role.

Defending life and liberty is a huge undertaking, with numerous complex activities and institutional arrangements involved. This task can keep a government occupied 24 hours of the day, 365 days of each year. Performing this task well will leave the government with no time or energy for lesser functions (or worse – endeavours like producing shirts or bread, or running buses, hotels and airlines).

We face the risk of the government assuming a greater role for itself than we hired it for. There is an almost universal trend for all governments to expand in size and scope. This is called the Wagner's law. This is because busybodies, lobby groups and bureaucrats like to expand their empires at taxpayer expense. They are vocal, powerful and often unaccountable. Limiting the government is not an easy task. Government failure arising from over-reach, incompetence, even corruption, is more ubiquitous and often more insidious than market failure. Politicians are chronically careless with our money. Indian governments are a good example.

We must require the government to do *only* what it must, and compel it to leave everything else to its master: the citizens.

This task is not for the faint hearted but Swarna Bharat Party is up to the task.

### 4.1 The functions of a government (including what it should not do)

In the jargon of economics, Government failure is substantial, and often much worse than market failure. As a general rule the presumption should be in favour of government actions only when market failures are quite large and persistent. Governments should have the dominant role in the military and police areas, in the judiciary, in protecting against massive pollution, and in providing a safety net for its least fortunate members (private charities are important but do not do enough). On the other hand, when market failures are relatively small and likely to be temporary, as in monopoly situations or in exploiting consumer ignorance, government involvement should be minimal, as in minimalist anti-trust policies, and in allowing consumers generally to make their own decisions.

The key functions of government in a free society are outlined below.

#### 4.1.1 First order functions

These include:

- *Defence*: An effective defence is absolutely mandatory before any other function can be considered. Citizens are also responsible to voluntarily seek appropriate roles in the defence of their nation. (We do not support conscription except in calamitous circumstances);
- *Law and order, internal security; police*: The second major function – almost on par with defence – is police. This is to ensure internal security and law and order. Emergency management including rescue and relief is also part of this function;
- *Justice*: After these two functions are met, the free society requires a strong justice system and rule of law that assures accountability. The laws should be simple and minimal, interfering with people's freedoms only to the extent necessary to maintain the free society; and
- *Supporting free enterprise, democracy, and subsidiarity*: A government needs to frame rules for markets to encourage innovation and competition, without fraud or harm. It also needs to strengthen



democracy (without pandering to majoritarianism), and boost the principle of subsidiarity and local government (with decision-making left to the level of government closest to an issue).

#### **4.1.2 Optional (second order) functions**

A government should play a minimal role in all other things. Any such additional roles should only be taken up after first order functions have been delivered to a high standard. Facilitating physical infrastructure is one such role. Further, a government could seek to eliminate extreme poverty and ensure reasonable equality of opportunity for all citizens, once first order functions are delivered.

#### **4.1.3 Avoidable (third order) functions**

Anything beyond this – such as things like heritage conservation, sports, scientific research and protecting flora and fauna (beyond key protections that form part of the principles of justice) – should be off-limits for government. At best, a government could co-regulate or provide some general (preferably co-regulatory) frameworks for the people in such cases.

### **4.2 Reining in the government**

We draw a line in the sand on this issue: that the government is our servant, not our master, and should never take on work that we don't specifically delegate to it. For instance, governments have no business to preach, teach, or impose 'morality'. As our employee, government should restrict itself to being an umpire or night watchman. It must not try to be our nanny or *mai-baap*.

By keeping the government tightly within its bounds, we will prick the bubble of bloated government, shedding it of its fat and making it focus only on things it should do.

#### **4.2.1 Downsizing government, and an efficiency dividend**

The government draws deeply on the taxpayer's sweat and labour. But its parasitical, tangled and wild growth today is choking the very lifeblood of the society it was created to protect. This parasitical growth needs to be firmly pruned, so taxpayers can also earn for themselves.

At the operational level, this will mean repeatedly restructuring and downsizing all unnecessary agencies and making the remaining ones more efficient and effective. We will systematically review the justification for each government agency and programme and test its ongoing relevance based on first principles (elaborated under the regulatory and policy framework, later).

We will do more with less. We will impose a productivity dividend on the government machinery, with its outputs delivered cheaper and more effectively with each passing year. (This excludes any legitimate increase in salary or resourcing – for the legitimate functions of government – that we have separately detailed elsewhere in this document.)

A growing economy should see the size of government become incrementally smaller as a share of GDP.

#### **4.2.2 Constitutional constraints and subsidiarity**

Operational control is never enough. Unrestricted democracy (with its lobbies and interest groups and politician incentives to be re-elected) often leads to a tyranny of majority and unrestrained growth in government. Constitutional restrictions can help constrain such tendencies.

Subject to being voted to power with a necessary majority, we will restore the liberties enshrined in the original Constitution and, in addition, legislatively limit (where practicable) what governments can do.

##### **4.2.2.1 Considering the establishment of a new Constituent Assembly**

While India's Constitution has served us tolerably well – despite the destruction of much of its original intent – it may be time to review it and create a new document focused on liberty and limited government. Every generation should have an opportunity to review the Constitution afresh. We will

consider the case for convening a Constituent Assembly, being mindful of the harm that can be caused by an assembly whose members are ill-educated in the principle of liberty.

#### 4.2.2.2 Key amendments to the Constitution

In the meanwhile, we will introduce a number of Constitutional amendments as early as possible, including:

- a) assertion of a strong fundamental right to property, and repeal of Schedules that protect land ceiling acts. These schedules are entirely inconsistent with the intent of the original Constitution;
- b) strong freedom of speech rights, patterned on the First Amendment to the American Constitution;
- c) repeal of articles regarding All India Services. This will allow the public service to be regulated through acts of parliament, with the generic labour laws (which will be much reformed) also applicable to public servants;
- d) repeal of the 42<sup>nd</sup> amendment to the Constitution which added the word 'socialist' to the Preamble. We have the greatest concern for the poorest of the poor – far greater than any socialist party. Such parties merely take the name of the poor: our policies will *eliminate* extreme poverty in three years and lead to unprecedented prosperity for all Indians. But we oppose socialism in the context of state ownership and control of the economy. The requirement in the Representation of Peoples (ROP) Act that all political parties must swear allegiance to socialism, will also be repealed; and
- e) repeal of the Directive Principles of State Policy: We object to the idea that our Constitution, which should limit itself to laying down the rules of the game and the defence of liberty, includes policy recommendations. Policy must be determined democratically after a highly analytical policy impact assessment that takes account of impacts on freedom.

Over the years, certain amendments with laudable objectives but faulty design have been inserted into the Constitution, e.g. aspects of the anti-defection provisions. These will be reviewed and, where appropriate, amended or repealed. Further, after the government becomes capable of ensuring the rule of law, Articles 29 and 30 of the Constitution will be phased out. If not earlier, but definitely by then, it may be time to constitute a new Constituent Assembly to create a simpler, minimalist Constitution.

#### 4.2.2.3 Judicial powers to review laws for constitutionality

In addition to reviews of legislation to be coordinated by the India Policy Office (detailed later), we will inquire into the judiciary's powers to review our laws for compliance with liberty, and if necessary, strengthen these powers. We would like the judiciary to fearlessly strike down any unnecessary restriction imposed by the laws on citizens' liberties.

#### 4.2.2.4 Subsidiarity and decentralisation powers to the States

One way to keep the expanse of government in check is for decision making to be left to the level of government closest (or most appropriate) to an issue. Public representatives with local knowledge are best placed to make decisions on our behalf. *Poorna swaraj* can only be achieved if local functions of government are delegated to the lowest effective level, such as village or *mohalla*. We will empower local bodies, subject to accountability, to levy and collect their own taxes (rates) and to use these revenues for local needs and infrastructure.

In the same vein, Centre-State relations are overly centralised today, with the result that states have become post offices, without significant policy freedom. We will ensure that the constitutional delineation of powers between the states and the centre is respected. We will review and strengthen the powers of the states and local governments, to support subsidiarity. To ensure competitive federalism, we will get the Central government out of most areas in the concurrent list, and only retain coordination functions. This deeper level of subsidiarity will need to be offset by a greater level of uniformity in taxes and laws across the country, to make India a single economic market. And we can't have state or local governments doing things that are not their business, either. For instance, subsidiarity is no licence for trampling any liberties.



Some exceptions may still be needed. For instance, Delhi should continue with its current arrangements where certain functions such as the police are within the control of the central government. This is necessary since Delhi is for all Indians, millions of whom visit it every year. Local Delhi issues should be allowed local play, but with minimum impact on the nation.

### 4.2.3 Dramatically increased accountability and transparency

Other ways to constrain government involve strengthening transparency and the government's accountability.

#### 4.2.3.1 Open government: duty to publish

A government can be thought of as the 'board of trustees' of a nation. Its actions must therefore be transparent and accountable, subject only to the demands of national security. A government should publish all key information on the internet. We will provide online access to most (aggregated) government spending data, in line with best practice across the world (e.g. government contract outlines and costs will be individually published).

We will legislate to require that except for state secrets relating to national security, nothing will be classified as an official secret. In particular, the normal democratic political activity of any citizen will not be classified as an official secret. However, leaking matters that could adversely impact national security will be punished.

We will amend Right to Information laws to err in favour of greater rather than less disclosure wherever privacy, commercial-in-confidence, or national security issues are not involved. Each citizen will also be empowered to access (at cost) any non-secret record about the citizens maintained by government.

Disclosures laws will be amended to ensure that all cabinet and any other (including national security) documents are mandatorily made public after 30 years, or after any pressing national security requirements or reasonable requirement for commercial confidentiality has passed – whichever comes first. Most confidential government documents could, therefore, be released well before 30 years.

#### 4.2.3.2 Citizens to directly supervise the government through Local Boards

To further tighten accountability and transparency, we will ensure that each government office (e.g. a department, agency or police station) sets up a Local Board constituted annually by lots from eligible voters, in a manner similar to jury selection. The Local Board will supervise activities of that public office. It will have the power to inspect the office's records and processes (excluding records protected by privacy law, official secrets act, or cabinet-in-confidence/ commercial-in-confidence principles) and escalate instances of any non-compliance, inefficiency or corruption to higher authorities, or even the media.

In this manner, the masters of India (its citizens) will supervise the government, their servant right through the governance process. It is not just elected representatives who will supervise the machinery of government: juries of citizens will do so, as well. This is part of the *Poorna Swaraj* we want in India.

In addition, we will actively work with citizens groups (such as [Citizens' Government](#)) to bring true democracy and accountability to India. Such citizens groups, equipped with latest technological tools to monitor government, would monitor public services and the public life of politicians and bureaucrats. We will legislate to authorise such organisations to even publish plausible (well-evidenced) anonymous allegations of inefficiency or corruption, so the government can (where necessary) launch investigations. We will also enact legislation to compel government functionaries to respond promptly to any request for information from such civil society organisations.

When we promise total accountability of the government, we mean it.

## 4.3 An incentive-compatible, outcomes-focused governance system

Once we have managed to restrain the government to its appropriate level, functions and size, and empowered citizen watchdogs to ensure it operates within these limitations, it will be crucial that it is

professionally and competently managed and its (limited) functions be performed effectively at the lowest cost possible. We need a small but strong (i.e. highly capable) government.

This aspect moves us away from political theory to economics (public choice theory) and new public management. These disciplines of knowledge carefully consider the incentives of politicians and public servants, and suggest ways to make a government more efficient.

This begins with a clear understanding that everyone is – at some level – self-interested. We need to design incentive-compatible systems in which government functionaries are compensated at market rates but then firmly held to account for outcomes. This is about their contracts being incentive-compatible. With the right incentives, we will attract the best talent of each generation into our legislative assemblies, judiciary and public services, while also ensuring that this talent is motivated to achieve the best (and unbiased) results for India.

Poorly paying our representatives or functionaries will tend to attract the incompetent and corrupt into government. This is a *very* costly mistake – a mistake India has made for 67 years. The results are around us. This approach can also be extremely dangerous. Our life and national security can be easily compromised if we are not systematic about the incentives of our governance system.

## 4.4 The two pillars of good governance

The rest of this manifesto details the system reforms we will implement to embed an incentive-compatible governance system for India. As outlined earlier, the reforms are broken in two parts (pillars).

### 4.4.1 Pillar 1: Getting good people into government

This involves getting the right people into government. Our agents (politicians) and our sub-agents (bureaucrats) must be honest and highly competent. Ensuring this requires careful thought, not amateurish demands for a 'Jan Lokpal' or the 'Right to Recall'. The laws of economics apply at all times to everyone. Amateurish design of our governance system will always end in disaster.

### 4.4.2 Pillar 2: Ensuring the government does only what it should

Once good people have been inducted into the machinery of government, we need make sure that they do only what they should. This is related to the role of government, as outlined earlier. However, the implications of this are extensive, and are discussed later in this document.



## Pillar 1: Who should govern? Good politicians and bureaucrats

## 5. Getting honest political leaders

The Westminster system of democracy, along with a First Past The Post (FPTP) voting methodology that India has adopted, is a proven system that has worked well for many countries – in some cases for hundreds of years. FPTP is responsive and effective, provided the underlying incentive structure is sound.

India, in its amateurism (and perhaps hypocrisy), has distorted the underlying incentives to the extent that today, many people – otherwise careful in their thought – have started believing that the FPTP system itself a problem. They recommend throwing out the baby (FPTP system) with the bathwater (corrupt politicians). What we need, however, is to fix the system's incentives: something that requires detailed and careful consideration; and this same system will start operating wonderfully. Chronic incompetent system design capability is leading to dysfunctional 'reform' ideas.

No Indian baby is born corrupt. Indians were known for impeccable integrity when the British came to India. Even today, Indians in the West are valued for their character. It is badly designed systems, with wrong opportunities and wrong incentives that motivate even the honest to become corrupt. Nothing wrong with Indians, *per se*.

So why have so many Indians chosen to become corrupt? The answer is two-fold. Our system creates:

a) **opportunities for corruption.** Our government directly engages in business (which is not its business). It builds and manages infrastructure and services directly, which it should procure or privatise. It interferes unnecessarily in a vast range of occupational, production and trade decisions. The discretionary regulatory environment in which the government has a finger in every pie, has allowed politicians and bureaucrats to indulge in world-highest levels of corruption, thereby corrupting the entire country; and

b) **incentives for corruption.** In our badly designed electoral system, politicians lose a lot of money when they contest elections. They must therefore (an invariant law of nature) *necessarily* recover their costs after they are elected: with interest. On top of this, we pay our politicians and bureaucrats poorly.

We have created a perfect storm of opportunities and incentives for corruption. And then we blame our politicians for being corrupt.

Simplistic solutions (e.g. Jan Lokpal) do not address incentive design challenges. Yes, there must be stern punishment of the corrupt, but such punishment can only form a small part of an overall, well-thought out system. Incentives involve not just the stick, but also the carrot. More importantly, we need to eliminate opportunities for corruption. Numerous countries have very low levels of corruption without having any Lokpal. Punishment is relevant only after opportunities are eliminated and positive incentives applied.

### 5.1 Reducing opportunities for corruption

The first part of the solution is about 'drying up the swamp': dramatically reducing (if not eliminating) opportunities for corruption. This involves a completely revamped focus on core functions and high quality (but minimal) regulation of the free market. Details on how we will reduce opportunities for corruption are provided mainly under the second part (pillar).

### 5.2 Incentives to bring in the good, and keep out the corrupt and criminal

The second part of the solution involves rewarding competence and honesty by minimising politicians' losses in elections and paying them well. Only then should penalties and punishments apply, for the few that may still choose to be corrupt.



## 5.2.1 Positive incentives: Open the gate to good people

### 5.2.1.1 Taxpayer (state) funding of candidates on per-vote basis

Electoral expenditure is never the only determinant of electoral success. However, good candidates – out-spent by criminal candidates who use crores of rupees of black money – are often defeated even before they start. Some people have objected to state funding of candidates, suggesting that politics is a social service. It is preposterous to suggest that those who offer their service to us as electoral representatives should be required to lose their lifetime's savings for the thankless privilege of representing us. The current system effectively prevents honest people from contesting elections by forcing them to lose their entire lifetime savings.

A solution, used successfully in some countries, is for taxpayers to acknowledge the cost of contesting elections and to reimburse a flat amount per vote polled to all candidates. We propose to reimburse Rs.15 per valid vote cast, up to a maximum of Rs. 70 lakhs per candidate. With around 15 lakh voters in an average parliamentary constituency, of which around 65 per cent vote, a candidate who secures half the valid votes cast would receive the maximum entitlement (Rs. 70 lakhs). This calculation can be refined, but the principle remains.

Along with this, the security deposit will be increased significantly to ensure that only serious candidates contest elections.

This will allow good candidates to (if necessary) borrow funds to contest elections in anticipation of (at least) partial recovery of their electoral costs. Even though corrupt candidates will probably still outspend honest candidates through underhand means (although a very strong focus on accounting will significantly increase their risk of being caught), good candidates will at least not go bankrupt if they lose the election: hence will participate in greater numbers than they do today. This reform would meet what is called in economics as the 'participation constraint'.

Today, we pay a far greater cost – of large-scale corruption and chronic bureaucratic incompetence – by saving this reimbursement to candidates. But such a payment is excellent value for taxpayers, as it will enable 'butterflies' to 'breed' and compete with the mosquitoes. This system won't throw up only honest representatives in the first electoral cycle, but as the other checks and balances are embedded, the proportion of honest representatives entering parliaments in India will dramatically increase.

### 5.2.1.2 Competitive salary for elected representatives, linked with performance

It is penny-wise pound-foolish to pay elected representatives, judges and public servants poorly and then expect them to rise above temptation or provide competent governance.

Chanakya knew this well. The higher positions require great knowledge and good judgement. The best talent is needed at these levels. So, the *Arthashastra* specifies that the highest public servant's salary should be 800 times that of the lowest. As the saying goes, 'if you pay peanuts, you get monkeys'.

The responsibility of our representatives is arguably much greater than senior private sector executives, for they establish the rules of the game and manage the country on our behalf. But their salaries are extremely low as compared to senior private sector executives. As a result, competent people avoid elected roles and seek a respectable living elsewhere.

As an immediate step, we will increase the salaries of elected representatives very significantly, while eliminating all perquisites such as free travel, telephones, furnishings, vehicles or loans. All future pension schemes for legislators will also be abolished (existing commitments will be honoured).

However, to ensure that all aspects of the question are properly considered, we will establish an independent Political Representative Incentives Commission to make binding recommendations regarding the compensation package for representatives which should be linked with performance. For instance, performance bonuses for MPs and MLAs (and particularly Ministers) could be linked to national economic growth and benchmarks of integrity.

### **5.2.1.3 Freedom of expression, with stringent disclosure of accounts**

Given the population and geographical spread of Indian legislative constituencies, communicating one's message to voters can be very costly. Electoral expense limits that restrain such costs distort democracy and violate freedom of speech in a basic way. If someone believes in a particular idea, he or she must be free to promote it through legitimately acquired and transparently disclosed resources.

We oppose restrictions on Indians' commitment to their ideals. We trust the voter to listen to competing messages and decide what is right.

Imposing limits can lead to underhand expenditures. It is almost certain that the use of black money in elections can be attributed at least in part to such limits. Candidates use subterfuge, such as paying for 'news' (which need not be disclosed) in lieu of advertisements. This falsification misleads the voters and embeds a culture of corruption.

There is a further discrepancy in our laws. Political party candidates effectively face no spending limits (since political parties can spend without limit), but independent candidates are constrained. This violates the principle of equality of treatment under the law. It must stop.

We will entirely scrap electoral limits. We will focus, instead, on accountability and total disclosure of receipts and expenditures to ensure that no black money is used during elections. Honesty in the parliament cannot even begin with our dishonest laws and electoral processes.

### **5.2.1.4 Political donations by unions and companies**

We will require expenditures by unions on political work (such as donations to political parties) to be approved by a formal vote by its members, equally as such donations by companies will need formal, specific company shareholder consent.

### **5.2.1.5 Stringent audit of electoral expenses**

The main issue of public interest in relation to electoral expenditures is their disclosure. Currently, many candidates lodge a false declaration of electoral expenses. We will require the Election Commission to conduct a stringent audit of all electoral expenses, with non-discretionary prison sentences (and forfeiture of seat, if elected) for false declaration of receipts and expenditures.

We will also empower the Election Commission to dissolve political parties that do not disclose donations and expenses comprehensively. Foreign funding will invite penalties and dissolution, as well. Feeble penal provisions (such as a fine of Rs. 500 for illegal elections expenses under Section 171-H of the IPC) will be significantly strengthened and linked with the consumer price index (CPI) through a penalty unit system.

### **5.2.1.6 Public disclosure of assets of elected representatives**

All elected representatives will be required, within 30 days of being elected, to publish their income tax statements for the past five years and a full list of assets of their immediate family. Thereafter, they will be required to publish annual returns of income and assets. The Election Commission will be asked to scrutinise the assets of elected representatives to verify that any growth in assets is consistent with known earnings and investments. Where necessary, the elected representative will be asked to provide a public explanation or face penalties, including confiscation of property and forfeiture of seat.

### **5.2.1.7 Reducing the cost of elections for candidates**

We will examine the feasibility of Returning Officers organising a video-debate between all candidates in a constituency, with the debate then relayed to all towns and villages in the constituency through local TV channels, DVDs, or mobile TV vans. This will allow all candidates to reach out to voters without having to visit all booths. This will reduce the disadvantage of less well-funded candidates and provide people with better options.

## **5.2.2 Negative incentives: Deterrence. Shut the gate for bad people**

To make politics a realm of wisdom and statesmanship, we need to expel the criminals and corrupt who flourish in India's politics today. Key measures to shut the gate on such people, and to deter them from entering politics in the future, are outlined below.



### **5.2.2.1 Fast-track courts to deal with corruption/ criminal charges against MPs**

When lawmakers are themselves charged with breaking the law, our constitutional system loses its sheen, even though some of them may ultimately be found innocent. We will amend the ROP Act to ensure that corruption and criminal cases against MPs and MLAs are fast-tracked, to be completed within one year of their being elected.

The Election Commission of India (ECI) will be asked to coordinate corruption and criminal cases against elected MPs (or MLAs), in consultation with the Supreme Court, to ensure that these cases are prioritised and heard without break until completed. The ECI will be provided with resources to support the investigative/court system where needed. It will also be empowered to enforce tight judicial timelines (through the Supreme Court) and to directly punish non-judicial officials who cause unnecessary delays.

### **5.2.2.2 A strong Lokpal for Prime Minister and Chief Ministers, and independent CBI**

A Lokpal can form part of an overall reform package. We will, however, limit the focus of the Lokpal to senior politicians and civil servants (including the CBI itself, and the Prime Minister).

To ensure independent inquiry into allegations, the CBI will be converted into an autonomous Central Investigation Commission (CIC), with its head appointed by the Lokpal and all other staff appointed by the head. It will be mandatory for all organisations and residents in India to comply with inquiry demands of the CIC and/or Lokpal.

### **5.2.2.3 Severe punishment for corruption at the higher levels**

Corruption in India starts from the top. We will make laws to punish any Prime Minister or Chief Minister found guilty of serious corruption with capital punishment. When the chief defender of the public trust himself steals public funds, then the nation must impose the harshest penalty. Ordinary ministers and senior officials found guilty of bribery would be punished through rigorous imprisonment of not less than five years. The assets of those found guilty of serious corruption will be confiscated.

### **5.2.2.4 Publicising any criminal background of candidates**

These measures will be supplemented by other systemic reforms.

Every citizen must be presumed innocent in law, until proven guilty. Being charged with a criminal offence is not a conviction. Only when someone is convicted for a major crime should the person be prevented from becoming (or continuing to be) an elected representative.

However, in the court of public opinion, judgements are made on the balance of probabilities. The public do not need to take chances with someone. They should know about all charges.

We will encourage informed decision making by voters by making it mandatory for details about any criminal cases against candidates, as declared by them in their nomination form, to be widely publicised by Returning Officers. Any candidate who does not disclose full details about such matters will forfeit his seat (if elected) and/or be required to return any state funding received.

### **5.2.2.5 Video surveillance at polling stations**

We will place all polling stations under closed circuit TV surveillance to prevent booth capturing and intimidation (without reducing the secrecy of voting). Significant penalties will be imposed on those subverting the law. A complete video recording of the polling day will be maintained for future audits. This process will also help identify impersonations and any other suspicious incidents.

### **5.2.2.6 Bringing all political parties under RTI**

We will amend the ROP Act to make it mandatory for all registered parties to comply with RTI requirements. We will move, further, to a 'duty to publish' regime, so political parties would be required to publish all receipts and expenses on their website.

### **5.2.2.7 Highest standards followed by members of Swarna Bharat Party**

Swarna Bharat Party's elected representatives will abide by a world-best Code of Conduct that forbids gift taking of any sort, and includes stringent requirements to disclose and/or avoid conflict of interest, as appropriate.

## **5.3 Strengthening and reforming electoral democracy**

In addition to fundamental system reforms outlined above, a number of steps are needed to strengthen and streamline India's FPTP system.

### **5.3.1 Refining the anti-defection law**

Our understanding of defection should be framed by the understanding that in a democracy, the people are the masters (principal) and MPs and MLAs their agents (representatives). At the same time, we must defend freedom of speech for legislators, as enshrined in Article 105 of the Constitution.

The people of India are given two options while voting: either pick an independent candidate or pick a political party candidate. Where they elect a political party candidate, an implicit sovereign contract comes into place between them and their representative that limits the legislator's freedom of expression and power to defect.

While independent candidates should have full speech rights, these rights must be reasonably curtailed for political party candidates. Unfortunately, the current anti-defection provisions are too harsh and empower a High Command culture in political parties. The party whip can be issued on virtually any matter. As a result, instead of legislatures being a forum for serious debate, meaningless aggression and shouting has become the norm. With the final outcome known in advance, speeches on the floor of the house have lost their importance.

The anti-defection law needs to be amended in two ways. First, freedoms under Article 105 must prevail for political party candidates except in the case of a motion of confidence, no-confidence and money bills, as suggested by the Dinesh Goswami Committee on Electoral Reform. Second, the sovereign contract with the master – the people – must be recognised and no party legislator should be able to violate these motions without forfeiting his seat.

### **5.3.2 Equalisation of the value of each vote**

One person-one vote is a fundamental premise in democracy. Each vote must have equal value. However, in 2004, the parliamentary constituency with largest number of electors had 33,68,399 electors and the lowest had only 39,033. Except for a few hilly states/areas, the principle of equal value of the vote must be applied, with the number of voters per representative being equalised. Such delimitation will be undertaken every ten years.

### **5.3.3 Permitting people to contest elections in any State**

Currently, under s.5(c) of the ROP Act, a person must be an elector for any Assembly constituency in a state in order to contest elections in that state. This is unnecessarily restrictive, given the geographical mobility of the educated classes today. We will amend this section to allow people to contest from any state once they are registered as a voter anywhere in India.

### **5.3.4 Costing election commitments of political parties**

All parties should publish their detailed policies before elections, and these should be costed by an independent agency. We will enact a law to require all registered political parties to get their election commitments costed by the India Policy Office in the Freedom Ministry (described in detail, later). While such a restriction cannot be imposed on independent candidates who are unlikely to have a comprehensive policy agenda, they too could get their policies costed by the Freedom Ministry if they wish. This process will allow voters to know what they are being offered, at what cost, and how it will be funded.



### **5.3.5 Performance monitoring of parties and MPs/MLAs**

We will implement a range of performance monitoring and reporting systems for parties, MPs and MLAs. The delivery of all election commitments will be publicly monitored by an independent body. At a minimum, the voting records of MPs/MLAs on each Bill will be published, to allow citizens to determine whether their interests have been adequately safeguarded by their representatives. This is particularly pertinent where parties allow MPs/MLAs a conscience vote (as they should in most cases).

### **5.3.6 All eligible citizens to be enabled to vote**

Eligible Indian citizens – even those with valid voter ID cards, and who have voted in the past – sometimes find their names missing from the voters list. Inaccurate voters list are a significant barrier to democracy. All means, including consideration of online registration and voting, will be deployed to ensure that everyone eligible to vote is able to do so.

#### **5.3.6.1 Online voting by defence and police personnel**

Security forces help conduct elections but do not always get the chance to vote. We will examine options other than the postal ballot (which often does not reach the Returning Officers in time) to ensure they get access to the vote. Secure internet-based voting systems could be piloted.

#### **5.3.6.2 NRIs' right to vote**

Indian citizens living abroad (NRIs) have the same right to vote in national elections as citizens living in India. We will examine secure and low-cost options for NRIs to vote. If necessary, a fee-based voting system could be rolled out, to meet the costs.

#### **5.3.6.3 Ensuring ballot access for the disabled and elderly**

While it is not practical to arrange for all the disabled and elderly to reach the polling booth, we will consider ways to enhance such ballot access, including through mobile pooling booths, voting-in-advance options, postal ballot, and secure online systems.

### **5.3.7 Inquiry into the feasibility of a right to recall**

The right to recall has been promoted by some people, but without a practicable operational proposal. It also fails to address any of the fundamental incentive problems found in the Indian electoral system today. We will commission an inquiry into this proposal and commit to implementing it, if there are viable and cost effective methods to implement it, consistent with liberty.

### **5.3.8 Inquiry into alternative voting methodologies**

Many eminent thinkers wrongly blame the FPTP system for our ills. Nevertheless, we will commission an inquiry into alternative methodologies of representation, including proportional representation and the presidential system. The inquiry will identify key criteria (mainly protection of life and liberty) and evaluate the performance of various systems in relation to these criteria. The inquiry will be required to focus on the design details, not on any superficial similarities between different countries' systems. In the case of governance, it is the details and incentives that matter. Minor changes in incentives radically change behaviour – and outcomes.

## 6. An honest and competent machinery of government at all levels

We recognise the dedication of many honest and competent public servants in their thankless task of implementing poorly drafted or open-ended legislation. We recognise teachers, policemen and armed forces, the firefighters and a wide range of public servants doing their best in deplorable conditions and with limited support.

However, the Indian system of governance is fundamentally ill-designed and must be reformed. We will bring world-class governance to India through actions aimed at ensuring total accountability from all those paid by taxpayers. While recognising that some public servants fail to perform their jobs effectively, and that many are now widely considered to be corrupt, we do not – in the initial stage – intend to launch a witch-hunt to identify individual cases of failure (extreme cases of corruption, will, of course, be investigated from the very beginning). However, we'd expect all public servants to strictly abjure any corruption and to perform their role competently from the word 'go'. The system change will start grinding the moment our government is elected to power, and anyone caught out by the system will be processed accordingly.

### 6.1 New structure to deliver government responsibilities

If elected, our government (at Cabinet) will closely monitor and keep the people informed about our progress in achieving committed objectives, including in relation to governance system reform. The key steps we will undertake to change the system are outlined below.

#### 6.1.1 Step 1: Freedom Department

A Freedom Department will be created within the first ten days to serve either the Prime Minister (or – if independent charge is created for this portfolio – a Freedom Minister who ranks next to the Prime Minister) along with a Minister of State for Cabinet (to whom the Cabinet Secretary will report), charged with, among other things:

- promoting the freedoms of the people;
- coordinating the delivery of commitments in this manifesto, within committed timeframes;
- setting all personnel and appointments policies (and coordinating all senior appointments);
- establishing all economic, fiscal and social policy and regulatory frameworks and ensuring compliance; and
- advising Cabinet on the extent to which any proposed law or regulation is compatible with freedom.

It will also deal with matters that fall across more than one department, and all subjects not specifically allocated to other departments.

The department will establish Key Performance Indicators (KPIs) for each commitment in this manifesto, and ensure regular reporting on these commitments to the people.

While this agenda will alleviate most restrictions on freedom, the Freedom Minister will commission a Freedoms Inquiry led by a team of competent thinkers committed to freedom, to review all legislation and identify provisions that unreasonably encroach upon people's freedoms.

Given that the Prime Minister will be served by the Freedom Department, the PMO will be subsumed under the Freedom Department.



### **6.1.1.1 India Policy Office**

An India Policy Office (IPO) will be established in the Freedom Department, comprising policy professionals with demonstrated capability to analyse policy in relation to economic impacts and impacts on our freedom.

The IPO will mainly hire new analysts through open competition, including Indians currently teaching economics and finance in the world's top universities (they may initially be hired on short or medium term contracts and paid salaries comparable to what they currently draw abroad). This office, headed by an economist with deep understanding and experience of governance systems, will retain significant independence in its advice.

### **6.1.1.2 Surveys on level of corruption**

The Freedom Minister will commission systematic surveys through independent private organisations with proven credentials to assess citizens' perception and experience of corruption and service quality in various departments and agencies. The results of these surveys will inform performance reviews of Ministers and Secretaries by the Prime Minister. Significant underperformance will be a cause for termination of executives and replacement of Ministers.

## **6.1.2 Step 2: Structural and strategic review**

The Freedom Minister will conduct and complete the first phase of a strategic review in the first 100 days to deliver the high-level plan for a new-look government machinery, to be bedded down within a maximum of three years.

### **6.1.2.1 Review of functions**

All key functions of government will be reviewed and non-essential functions – including redundant ministries, departments and organizations – dissolved in a high level plan to create a modern system of government. The review will ensure that no staff is adversely affected, and any permanent staff made redundant is redeployed elsewhere, such as in the core functions of security, justice, and infrastructure.

### **6.1.2.2 Reducing government to 20 portfolios and 10 departments**

It is expected that as a result of this review, the number of departments in the Government of India will be brought down to ten, with around 20 Cabinet ministerial portfolios and 20 Ministers of State. The structure will be announced immediately after this first phase review and fully bedded down (based on more detailed strategic reviews) within a total of three years from the date our Government is elected to power.

Each portfolio will be served by one of the ten departments. The number of secretaries in the Government of India will be reduced to ten. Apart from the newly created Freedom Department, other departments (after the review and restructure) are expected to be:

- ii) defence,
- iii) justice and internal security (including police, consumer protection and support to the judiciary),
- iv) foreign affairs,
- v) public finance,
- vi) free enterprise (including regulation of industries, agriculture and commerce),
- vii) physical infrastructure (including transport, energy, water, telecom and internet),
- viii) social infrastructure (e.g. public health, poverty elimination through negative income tax, and the regulation - not direct management - of educational and medical facilities),
- ix) social capital and community (voluntarism and registration of charities, conducive social relations in the community and national integration, including regulation of sports, archaeology, museums, historical and cultural aspects), and
- x) sustainability (natural resources and the environment).

### **6.1.3 Abolition of concentrated extra-constitutional power**

It is inappropriate for highly centralised bureaucratic and extra-constitutional power to be part of the governance system. The restructure by the Modi Government of the Planning Commission into the Niti Ayog has led to some reduction the complete dissolution of such extra-constitutional power. We will absorb any remaining extra-constitutional policy functions in the India Policy Office.

### **6.1.4 Permanent senior positions to be made contractual**

Within the first 100 days, while the structural review is in progress, all Secretary-rank officials will be asked to resign from any tenured service (such as the IAS/ IPS/ IFS – excluding the armed forces) and choose a three year contract (since after three years, secretary positions will reduce to ten). Those who decline will be compulsorily retired or (initially) sent to their home cadres. Detailed transitional systems will be announced separately but will include global open market recruitment for all officials in the rank of Joint Secretary and above within three years. All appointments below the Secretary will be made by the Secretary or his delegate. (Global competition will not apply to defence, justice/internal security and foreign affairs departments).

All such contractual senior executives will be paid very well (comparable to salaries drawn by senior private sector executives), but will be liable to immediate termination without notice (they will get four months salary in lieu, in such a case) for any failure to deliver results, including any corruption in their department, or if their role becomes redundant and they cannot be absorbed elsewhere.

In due course, subject to an appropriate Constitutional amendment, tenured senior civil services will be dismantled and replaced entirely with open-market recruitment.

### **6.1.5 Market based pay at all levels, with rewards for results**

The pay system for public servants should be sufficiently flexible to reward those who innovate (and embed a culture of innovation), reduce overhead costs, optimize processes and reduce red tape. This means paying public servants wages comparable with private sector wages for similar jobs at *all* levels, and linking a part of the pay at contractual (senior) levels with performance, even as contracts incorporate a clause for immediate termination for performance failures. The wage structure of the entire bureaucracy will be reviewed and brought on par with market rates within five years. All public servants will come under standard labour laws applicable to all, with no special category of service rules exclusive to government employees.

### **6.1.6 Freedom for the bureaucracy increased**

New Conduct Rules will allow public servants to speak out and participate in debates on governance (*excluding* in the specific area for which they are directly responsible). Further, should they wish to contest elections, they will be given three months leave without pay to do so, after which they will be able to return to their job (without the leave period being counted towards any service benefits). A wide range of other reforms, including the end of all pensions and replacement with general contributions to a public superannuation scheme, will be introduced. Transitional arrangements and grandfathering clauses will ensure that no current entitlement is reduced.

### **6.1.7 Rewards for whistleblowers**

We oppose any political pressure on officials that deflects them from the unbiased and honest discharge of their duties. Public servants will be empowered to confidentially report to the Lokpal any misdemeanours of politicians or any senior bureaucrats, and any corruption they observe. The Lokpal, upon successful validation of the allegations, will be empowered to recommend a significant reward for such employees.

## **6.2 [Example] Ensuring zero corruption in the bureaucracy**

We expect a precipitous fall in corruption in India immediately upon our government being voted to power. This will be significantly supported by the contractual Secretaries appointed within the first 100



days, who will be given a free hand to put an end to any inefficiency and corruption in their departments. This section illustratively brings together policies that will eliminate corruption.

### **6.2.1 Reduced opportunities for corruption**

Policies and principles outlined elsewhere in this manifesto to reduce unnecessary government intervention in the lives of citizens will reduce opportunities for political and bureaucratic corruption.

### **6.2.2 Incentives to reduce corruption**

#### **6.2.2.1 Reward**

As indicated earlier, competitive salaries (and rewards for performance) will ensure that bureaucrats' incentives for corruption are dramatically reduced. Further, rewards to whistle-blowers will help unearth any hidden corruption.

#### **6.2.2.2 Punishment**

Failure to bring an end to corruption in their department (as assessed by independent surveys) after six months of the contract will be cause for termination of the Secretaries. As this contractual system expands over three years to all senior executives, this will ensure that only the honest remain. Termination will also be made easier at lower levels once constitutional protections for public servants are removed and all employees treated equally under the law, regardless of whether they work in the public or private sector. In addition, severe punishments will be imposed in cases of proven corruption.

### **6.2.3 Audit and monitoring of government by citizens**

As indicated elsewhere, increased monitoring of government through a duty to publish, Local Boards, online Citizens' Governments and strong local governments, will increase the monitoring of government by the people at all levels, exposing any residual corruption.

## **6.3 Professional local government institutions: Poorna Swaraj**

*Poorna Swaraj* involves democratic responsiveness and accountability. But this can only be achieved through a professionally competent support system. Excluding any private cities which will be managed by private entities (as discussed later), we will transform and modernise local government (parishads, including municipalities) institutions through a new *Local Government Act*. This will involve a number of reforms, such as those outlined below.

### **6.3.1 CEOs and staff fully accountable**

Local government staff will be made fully accountable to elected councillors through a CEO hired by the council (not state government) on a contract at market-based salaries. As with the governance reforms outlined earlier, council CEOs will be empowered to hire and fire council staff, to ensure accountability of outcomes to the elected body.

### **6.3.2 Manageable size**

In parallel, States will be funded to restructure local councils into a manageable size (currently most municipalities/ authorities are too large). The ratio of elected local representatives to citizens would be brought in line with international best practice. For instance, Delhi will get around 300 elected councillors (including mayors or pradhans) in around 60 independent councils (unaccountable authorities like the Delhi Development Authority etc. would thereafter be abolished).

### **6.3.3 Transfer of some state level functions**

Some state level functions such as the food inspectorate (and a partial role in urban planning), will be transferred to the councils, being required to undertake risk-based approaches. These changes would lead to fewer but far more competent and locally responsive inspectors.

### 6.3.4 Local taxation powers

Local governments will be responsible for ensuring world-class civic amenities (sanitation, drainage, local roads and parks) and managing local libraries and community halls. Councils will be empowered to set rates based on market-valuation of properties, and set user-charges for any services provided. A level of specific purpose grants will also be provided for specific projects on a per capita basis, such as to support council professionalisation and local infrastructure.

We will ensure that councils are held legally liable for any public safety failures, such as any open drains or large potholes that endanger the health and safety of people. They will be liable to be sued for any civil and criminal negligence.

Councils will independently determine the level of amenities they provide. Thus, councils that want to attract wealthier residents will focus on better infrastructure while charging higher rates. This will allow citizens to vote with their feet and move to the better managed councils.

### 6.3.5 Efficiency of council management

Costs will be kept down due to competition between councils. However, we will require a price regulator, in addition, to benchmark and evaluate council costs; and if necessary, to advice on the reasonableness of any increase in rates. Councils will be encouraged to adopt world-best procurement practices and, on the model of Singapore, encouraged to privatise as many of their functions as practicable. Through this process, world-class services at low cost will become the norm in India's cities.

### 6.3.6 Role of panchayats

The village level panchayat system will be the eyes and ears of parishads (councils), and also act as a decision making body for minor matters (including some minor civil and criminal justice issues, subject to appropriate constraints in the use of this power). We will link panchayats with Local Boards, so there is direct monitoring of the work of government agencies at the grassroots level.

Panchayats will have powers to raise local rates for purely village level infrastructure (e.g. very small internal village roads and public toilets). Raj Samadhiya village in Gujarat is perhaps India's cleanest village. Nobody throws any paper on road or dirties common lands or water. That is because incentives work. It follows a draconian (almost Singaporean) law that those who litter are fined Rs.1000. We will empower and encourage such forms of local self-management.<sup>3</sup>

## 6.4 [Example] A sparkling clean and shining India

The Modi Government has introduced a Swachh Bharat campaign to clean India. Unfortunately, it is not premised on, nor involves, any system reforms. That's a guarantee for its failure. To clean India the following reforms, detailed elsewhere in this document, will be needed:

### Step 1: Basic reforms of the system

As mentioned elsewhere, key reforms needed, include (but are not limited to):

- *electoral system reform* to ensure honest politicians at all levels. If not, they'll make money from every project and every opportunity;
- *bureaucratic system reform* to ensure we get a competent and accountable bureaucracy. Bureaucrats at all levels will have no tenure, and their contracts will ensure performance; and
- *local government reform* to allow elected councillors to hire and fire their own CEO, with capacity to raise rates to fund their work.

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<sup>3</sup> [http://www.divyabhaskar.co.in/news/100126040310\\_story\\_on\\_raj\\_samadhiya\\_village.html](http://www.divyabhaskar.co.in/news/100126040310_story_on_raj_samadhiya_village.html) and [http://www.sristi.org/hbnew/editorial\\_pdf/24-4-editorial.pdf](http://www.sristi.org/hbnew/editorial_pdf/24-4-editorial.pdf).



These basic reforms are essential to even start a meaningful Clean India movement. Without systemic reforms all such efforts will fail, as they have for the past 67 years.

### **Step 2: Ensure that cleanliness is a Key Performance Indicator (KPI) in the contracts of municipality CEOs**

Once corruption is eliminated and a modicum of efficiency prevails, cleanliness in public spaces can be inserted into the contracts of CEOs. They will themselves work out innovative ways to achieve these KPIs, or risk being sacked.

### **Step 3: Local governments to establish a constructive compliance strategy**

One of the innovative strategies that the CEOs might consider could involve constructive compliance:

- ensuring waste bins are installed at strategic places and are regularly cleared;
- ensuring well-equipped (e.g. with cameras) compliance officials who impose on-the-spot fines on those found littering the city (such fines often exist in statute books but are not enforced). An example of the use of fines is the previously mentioned Raj Samadhiya village in Gujarat;
- ensuring professional cleaning services (for streets, etc.) procured through open tender, with successful bidders held to account through stiff penalties for failure to deliver;
- establishing incentives for private investment in recycling factories to automatically sort out the rubbish and recycle it, as appropriate, before it goes to landfill; and
- ensuring international standards are met regarding the kind of waste that enters landfill (to avoid polluting underground water).

This is an outline. It illustrates that with system reform, India will become a beautiful nation, again. Indeed, beautifying India can become one of the largest jobs-generating programmes in our history.

#### **6.4.1 An end to open defecation**

India is the global capital for open defecation. This leads to the spread of disease and is also linked with sexual assault on women. Changing it requires significant awareness building through civil society initiatives. Each gram panchayat will be expected to enforce a ban on public defecation, in a manner similar to a ban on littering. Local governments (e.g. panchayats) could give land on long lease to privately owned and managed public toilets.

Our government will not, however, build or subsidise toilets in people's homes. Unless people pay for installation of toilets in their own homes, they are unlikely to use them.

#### **6.4.2 Street vendors**

SBP believes that everyone has a right to earn a livelihood. But this right is only valid from the base of private property. When public spaces are used as the base to sell goods, it is common practice in local governments across the world to allow some such activity (on payment of a fee) where such use is compatible with amenity and public well-being.

SBP considers that this is a matter for local governments to decide. We would expect them to foster trade by creating appropriate public spaces for such casual vending. Where the use of an existing footpath is compatible with such vending, particularly in off-peak times for traffic, an appropriate system of permits should be instituted on cost recovery basis, with the costs raised being deployed towards cleanliness, parking and other necessary arrangements.

### **6.5 Governance principles, frameworks and incentive mechanisms**

Regulations tell us (citizens, businesses and workers) what we are expected to do to ensure that we protect other's life and liberties as we go about our everyday business. Regulation should be easy to understand, not complex or daunting or merely punitive. As James Madison said: 'It will be of little avail to the people, if the laws be so voluminous that they cannot be read, or so incoherent that they cannot be understood'. Today, regulation with legislation and its associated amendments, rules, bylaws, ordinances and notifications are voluminous and scattered. Not even experts are authoritatively sure of

the legal position in particular cases. How, then, can an ordinary citizen be sure that he is abiding by the law?

A reputation for safety and quality counts most for business success, so a level of self-regulation is natural. Indeed, large food businesses across the world take more care of food safety and quality than any government inspector can. However, self-regulation is insufficient in *some* (a very few) cases, when formal regulation becomes necessary.

But as with all public policy, good intentions alone don't lead to good results. Well-intentioned regulation can have serious job-crippling effects if it badly designed or is excessive in any way. We must not forget that regulation can tie down the majority of businesses that are intrinsically good and would have done no harm even without a regulatory requirement. There is a huge cost of compliance, which is a deadweight loss to society. Also, excess regulation and reporting acts as a stealth tax, as the compliance costs are necessarily passed on to consumers.

Over-regulation is endemic in India. While difficult to estimate compliance burdens in India, we know that in many Western societies, compliance burdens have reached a crippling 4 per cent or more of GDP. India's burdens are likely much higher. The heavy hand of the Indian government – with extremely prescriptive (not performance, risk-based, or incentive-based) regulation, including the license-permit-inspector raj, has produced a legislative jungle. The common man lives in a state of uncertainty. Given India's corrupt incentives, these regulations are also used by bureaucrats and politicians to extort and blackmail businesses and citizens. As a result, there is also endless and costly (but often infructuous) litigation.

India's notorious red tape is mainly responsible for our 142nd rank (among 189 countries) in the World Bank's Ease of Doing Business report. On ease of starting a business, India ranks even lower: at 166. The report says that 35 permissions or procedures are required to construct a warehouse, which takes an average of 168 days. Small businesses, too, face frustrating hurdles: for instance, to open a bar & restaurant in Maharashtra, 38 licences are required, many of which date back to colonial times and are outright bizarre.

Why should it be so hard to start a business? We need to protect our environment and ensure safety, but that should not be used as an excuse to delay hundreds of projects. Businesses provide jobs, create wealth and generate revenue for defence and essential public infrastructure. There's a crying need to drastically reduce the number of permissions required, to set a tight time limit for them to be granted (if all the paperwork is in order) and penalize bureaucrats who take longer than they should. The entire system should be online and transparent. There must be no delay in starting a business, and business name must be available online instantaneously upon uploading basic documentary proofs.

If we wish India to become a Sone Ki Chidiya, we must be minimalist about regulations, especially those imposed on small businesses. We must regulate only when essential, no more.

### 6.5.1 World-best policy and regulatory frameworks

Members of a free society have a right to know the reasons for specific government policies and regulations. It is not enough for the government to issue an 'order' and to expect the people to obey. The order must be supported by a rigorous and competent justification. We will require publication and consultation on a policy/ regulatory impact statement (RIS), including cost-benefit analysis, prior to making any new policy or regulation.

The India Policy Office will design and issue such frameworks that are consistent with liberty and minimal regulation. For instance, all policy statements will be required to provide detailed answers to the following questions:

Q1	What would happen without any role for government?
Q2	Identify problem/s with the base case and explain why these are problems
Q3	First principles test (should government intervene at all?)



Q4	What can government do about the problem/s?
Q5	Freedom test
Q6	Strategic gaming test
Q7	Government failure test
Q8	Real experience test
Q9	Cost benefit test
Q10	Transition path

More details on these questions are available at: <http://sonekichidiya.in/publications/policy-framework/>.

#### **6.5.1.1 Regulatory gatekeeping and review organisation**

We will convert the Productivity Council into an independent Policy Review & Efficiency Commission that reports to the Freedom Minister, and acts as a gatekeeper for policy/regulatory impact analysis of all policies of the Indian Government. The Commission will be serviced by the India Policy Office. State governments will be funded to establish similar bodies and processes.

#### **6.5.1.2 Reducing regulatory costs to business by 50 per cent**

We will reduce red tape imposed by the Government of India on the community (including on businesses and NGOs) by 50 per cent within five years. For this purpose, red tape includes not just administrative and compliance costs (and fees), but also the cost of delays. Indirect economic costs will be excluded for purposes of this initiative. The measurement of red tape will be conducted through the Regulatory Change Measurement methodology, independently assessed (and results published) by the Policy Review & Efficiency Commission.

#### **6.5.1.3 Licensing review: Enterprise and occupation as a matter of right**

The very concept of licensing/ permissions needs to change, with business having a right to enterprise and occupation, subject to demonstrating compliance with the law. Not licensing, but validation of compliance through a 'certificate of compliance' after a business is fully operational (business activities would not be hampered by any delay in government in issuing such certificate) should be the standard. Citizens would have the right to build on their property or start a business subject to notifying the government and complying with the laws. The government could object within a statutory period, and specify any compliance matters that require to be addressed. Projects would no longer get held up, saving delay costs. This would also reduce corruption since no one could hold up a project.

#### **6.5.1.4 Plain language laws in half the number of words, and repeal of unnecessary laws**

All Central regulation (including tax laws) will be reviewed and simplified with a view to bringing down the substantive regulation to half its current number of words (excluding Definitions Act and any Schedules or Attachments to be hyperlinked, separately). Such simplification will also be a goal of sunset reviews (discussed later).

Opportunities to introduce risk-based regulation, incentive regulation and mechanism design will be considered. The India Policy Office will coordinate these reviews, aligning them also with any new legislation that is separately to be introduced.

In doing so, laws that serve no purpose (unenforceable or redundant), harass honest citizens or help criminals will be repealed, and the burden of any laws that need to continue, reduced. As the first cab off the rank, we'll review the Jain Commission recommendation to repeal over 1,300 central laws (including 11 British statutes), and similar recommendations from the National Law Commission.

We will also fuse as many (of the necessary) regulatory requirements into a single window clearance.

Through such initiatives, we will ensure that India's Ease of Doing Business rank rapidly moves towards the top.

### **6.5.2 Regulation to sunset every 10 years, and legislation every 30 years**

We will legislate sunset requirements that force reconsideration of out-of-date regulations from first principles. All legislation would sunset after a period no greater than 30 years. All regulation (subordinate rules) will be allocated a sunset date no greater than 10 years, when it will come to an end. This will require any necessary regulation to be remade. This will apply to all existing regulation, which will therefore mostly disappear from the records without a countervailing law. We will extend the life of all existing regulation to five years, during which it should be reviewed from first principles and re-made (if necessary).

### **6.5.3 Other best practice frameworks**

We will implement other cutting-edge governance frameworks, such as a stronger competition policy (that does not fixate on bigness of business size or 'monopoly', but focuses on eliminating barriers to entry), competitive neutrality, lifecycle management and commissioning for infrastructure, and price regulation of privatised sectors.

The government's role should increasingly move towards one of procurement, commissioning and verification: establishing the right targets and incentives to achieve outcomes, and working with markets (whether they are public, private or non-profit) to ensure services are delivered by providers best placed to produce the best possible outcomes, at the most competitive prices.

### **6.5.4 E-governance**

We will heavily restrict the mandate of the National Informatics Centre, which currently provides uniformly poor quality e-governance service. The quality of its websites and services is often amateurish. Instead, most e-governance requirements will be outsourced to competent world-best IT sector Indian companies, so we are able to get citizens the services they need, with support for projects such as Citizens' Government that enable them to hold governments to account.

We will create platforms for citizens to connect seamlessly with the government. They should be able to open a single account with the government, with all their interactions stored for ready recall. Citizens do not need to know the names of the specific government agencies that deal with their needs. They need, instead, a single window to the government.

We will examine successful e-governance models such as the Estonian model, which is managed through a public-private partnership, to ensure a model that achieves the best possible e-governance outcomes. We will also promote the use of smartphone apps to record and report crime and interact with the government.

To ensure better e-governance, we support (in principle) the *Electronic Delivery of Services Bill, 2011* and the *Right of Citizens for Time Bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011* (Citizens Charter). We will further improve and refine relevant laws to align them with liberty and best practice frameworks.



## Pillar 2: What should a good government do?

For the rest of the document, we assume the successful implementation of the political system and bureaucratic system reforms outlined earlier. Such reforms are the backbone of good governance, else chronic corruption and incompetence will destroy all prospects of good policy implementation – no matter how ‘good’ the policy. All attempts to implement the reforms outlined in the following sections will fail (and may even backfire, such as with corrupt regulators who work against the interest of citizens) without prior governance systems reforms. We do not, for instance, support privatisation without prior governance reforms.

## 7. Minimum taxes, tight control over expenditure, and ensuring sound money

We need to get the government's finances in order so that essential expenditures are met while waste is eliminated. The prosperity of Indians depends on good policies (outlined in detail in this manifesto) including sound financial management that produces low taxation, low inflation and a level of debt consistent with the economic well-being of future generations. This will create incentives for the people to produce, leading to high employment and prosperity.

### 7.1 Balanced budget and low debt

Many political parties believe that the answer to every 'problem' is more government spending and more subsidies. Populist Indian governments have been spending well beyond their means, with much of that money siphoned off. As a result the rupee has dramatically eroded in value since independence, and our children face a huge debt burden at over 50 per cent of the GDP.

We believe that principles of private prudence should apply also to the government. Sound fiscal management involves a balanced budget and sustainable surplus over the medium-term. We do not abjure debt but believe debt should be tapped only where absolutely necessary, and where the returns to the society overwhelmingly exceed the costs.

Despite the significant increase in funding for first order (critical) government functions, we will bring the national debt down to 20 per cent of GDP within the first four years through significant operating surpluses from day one, and balanced budget with low debt in the medium term, by:

- broadening the revenue base;
- restructuring the use of government land and sale of surplus land. Large single or double storeyed government buildings in Delhi and other cities can be easily substituted by multi-storeyed, privately developed buildings, rented out (if necessary) to the government. (Under the reformed administrative system, there will be no ownership of residential property by government, as employees will hire their own homes, like anyone else in the private sector);
- sale of public sector undertakings at market price;
- having private enterprise invest in significant infrastructure; and
- by the end of the third year, all subsidies will be abolished and a highly targeted negative income tax programme operationalised to deal with poverty, thereby reducing wastage while eliminating poverty.

Such steps will also strongly support the rupee.

### 7.2 Revenue principles

Citizens of a free nation pay for the services they want through taxes. Unfortunately, even here, our excessively complex and ill-designed system has failed us.

#### 7.2.1 Key principles of taxation

##### 7.2.1.1 Total taxation not to exceed 25 per cent of GDP

Taxes, by their very nature, are coercive and reduce a citizen's freedom. Only the absolutely lowest level of required taxes should be raised. Taxation should be just enough to allow necessary functions of the state to be performed well. That means funding only services that are essential. Taxation should not fund unnecessary programmes or be used to redistribute income. After poverty has been eliminated and reasonable equal opportunity provided, any other redistribution should be undertaken directly by the people (e.g. through any charitable work).



We will closely monitor the total level of taxation (central, state, local government) and ensure it does not exceed 25 per cent of the GDP. While overall taxation level is approximately at this level today, but it is hugely misdirected and inequitable

While doing so we will enact relevant laws or seek binding intergovernmental agreements on aspects such as limiting state and local taxes and having states abjure tax exemptions for any business, as that leads to a race to the bottom and to crony capitalism.

#### **7.2.1.2 Simple tax system**

A tax system should be equitable, simple, transparent, and fair. It should not disincentivise work and innovation. We will rationalise tax codes and rates by eliminating most exemptions. In most cases we will also reduce the marginal rates of taxation. Lower tax rates and simpler tax rules will also help widen the tax base and improve compliance, while reducing corruption.

We will minimize corporate income tax exemptions/ rebates and restrict them mainly for charitable work and some research and development. In addition, however, some activities directly related to the public interest can be exempted.

A special mention should be made here, of commercial crèches and day-care facilities for children (that meet appropriate regulatory standards). Crèches serve many public purposes, including preventing young girls from being pulled out of school to look after their younger siblings and helping to increase women's workforce participation. We will exempt these entities from paying taxes.

#### **7.2.1.3 Honest disclosure**

To ensure the integrity of the tax system we will make disclosure of the Aadhaar number mandatory for issuing a Permanent Account Number (PAN) for those living in India. We will consider the privacy implications of linking the two. However, we believe that all steps need to be taken to minimise tax evasion by those who can afford to pay.

#### **7.2.1.4 A wide tax base: Everyone should chip in**

Everyone who can afford should contribute to running the country. Today, less than 3 per cent of our population reports any taxable income. We will focus on opportunities to broaden the tax base. Non-salaried, farm sector and small businesses will be firmly brought under the income tax regime. We will make it mandatory for all citizens to lodge an annual tax return (regardless of the level of income), but the return will be kept very simple. This is also an essential component of the negative tax system (described elsewhere) to eliminate poverty.

#### **7.2.1.5 Engaging private organisations to ensure compliance**

We will engage private organisations (under government supervision) to assist the illiterate and the poor in completing income tax details, with (where necessary) photographic records of installed capacity, rolling stock and business or residential area occupied and characteristics, used as proxy for estimating income and made available for scrutiny/ audit.

#### **7.2.1.6 Tax to be on profits and income, not on transactions**

As a general principle, tax should be paid on profits or income and not on assets. Transaction taxes are particularly harmful to commerce and we will significantly minimize such taxes.

#### **7.2.1.7 Using the more efficient taxes**

The relatively more efficient taxes, i.e. those with least distortionary effects on work incentives and allocation of other factors of production, should be used. The cost of red tape imposed and of administering and collecting a tax should also be counted as part of the loss to society. In general, land tax is one of the more efficient taxes. We will significantly strengthen the land tax system, to be used mainly by the States, union territories and local governments, helping them reduce their dependency on central taxes.

### **7.2.1.8 No double taxation**

Further, there should be no double taxation. Once tax has been paid on an income, that income should not be taxed again. This means, for instance, that we will not have estate duties (which are also harmful for many other reasons).

### **7.2.1.9 No retrospective taxation**

We commit to not introducing retrospective amendments to any tax or law. Retrospective legislation increases litigation and destroys national wealth and happiness. There may be, however, occasion to consider this option in the rarest of cases to correct a major flaw in the tax provisions. In doing so, we will use mechanisms consistent with fairness, and apply grandfathering clauses.

### **7.2.1.10 Cost recovery and user pay principle**

Wherever possible, the direct users/beneficiaries of a government service will be charged a fee based on efficient costs of provision of the service. Where a government service is comparable to a similar service in the private sector, market pricing will be applied. Full cost recovery/ market pricing recovery will be applied in all cases, less any measurable (and publicly disclosed) general community benefit.

### **7.2.1.11 Tax compliance: Coming down heavily on tax evaders and tax havens**

We are committed to the tax laws being strictly complied with. We will significantly boost India's tax compliance capability, including for the prevention of money laundering. We will treat tax evasion on par with crimes against the person to ensure exemplary punishment. This will include mandatory imprisonment of all large tax evaders including anyone who uses tax havens to hide income. Black money will be declared national property (without any opportunity to pay penal taxes), being confiscated entirely.

#### ***Indian tax cheats***

A large chunk of India's black money is located within India: stored in the form of property, gold and cash. We will significantly resource the machinery to unearth black money stored in India. Addressing the flawed land transfer system (as explained elsewhere in this document) will reduce some of the land-based black money. We will consider whether integrating Aadhaar and PAN with land and business records (assuming it is feasible) can assist with tax compliance.

In addition, vast quantities of black money are smuggled outside India. Global Financial Integrity reported in 2008 that India has lost nearly \$213 billion in illicit capital flight since Independence. Some of this is recycled back into India through money-laundering. Around 40 per cent of FDI in India is routed through Mauritius, a tax haven. We will ensure that no one takes untaxed money out of India through spurious institutional structures and tax havens. We will amend banking secrecy laws to gain accurate information about any Indian black money deposited in foreign tax havens. We will also enter into tax treaties with other nations to ensure that any money deposited abroad by any Indian are transparently disclosed to tax authorities.

#### ***Foreign tax cheats***

Transfer pricing scams by multinationals drain out vast quantities of potential tax revenues from India. Currently, the Income Tax department has no authority to question the 'certificate of residence' provided by the other country authorities. No exemption from investigation will be permitted. 'Tax inversion' involves a restructuring that shifts the multinational's legal residence abroad. Generally this involves little or no shift in actual economic activity, but can substantially reduce the company's tax bill. We will identify and crack down on such strategies. We will also remove protections for investigation under Double Taxation Avoidance Conventions by which investors can set up pseudo companies in havens which have the benefit of zero tax. Such companies avoid paying taxes not only in the tax havens but also in India.



## ***Demonetisation and cashless society***

Demonetisation can be at best an accompaniment to reforms that attack the causes of black money and corruption. It is not a solution in itself and the costs and benefits of demonetisation generally do not add up. In like manner, the idea of cashless society is not a goal for SBP. Instead, it is a position that a society may achieve through the preferences of millions of people acting in their own interest. The objective of being a cashless society (or not) is not relevant to any consideration of free action and small government.

### **7.2.2 Income tax**

#### **7.2.2.1 Mildly progressive income tax**

While in principle each citizen must pay equal taxes as share of costs for public goods, this is not practicable. The equal tax, a poll tax, is inappropriate since it must necessarily be set at the level the poorest are able to pay, making it impossible to either defend the nation or provide essential infrastructure or other services. Hence, taxation in the free society is based on the ability of each citizen to pay.

A low income tax at a flat rate is a relatively efficient tax, with minimal distortion of work incentives. Therefore, we will implement a broadly flat income tax, with a mild level of progressivity. This will yield higher revenues in the long run, and prosperity for all.

To the extent possible, a family will be treated as a single unit. Wherever possible, income tax rates and any deductions will be pegged to inflation, noting that we do not expect significant inflation during the tenure of our government.

#### **7.2.2.2 Standard deduction**

We will reintroduce standard deduction that was abolished from April 2005. This will bring a level of equality of treatment of ordinary taxpayers with professionals or businessmen who are entitled to offset their business expenses against income (we will review and reduce any unnecessary offsets and deductions).

### **7.2.3 Corporate income tax**

Indian businesses face one of the world's highest corporate income tax rates. This reduces their global competitiveness, encourages them to invest overseas instead of in India, cripples job creation, lowers Indian wages, and fosters tax avoidance. We will reduce the corporate income tax rate significantly, but in a phased manner (while reducing deficits), to keep our corporations competitive.

By the same token, we will ensure that taxes are paid by foreign investors at the point of making a profit in India. This will significantly increase tax collection in India and ensure a level playing field for all businesses in India.

#### **7.2.3.1 Franking dividends**

We will introduce franking to prevent double taxation of dividends, since the company issuing the dividend has already paid corporate income tax. The tax payable on the dividends will reduce by an amount equal to the tax imputation.

#### **7.2.3.2 Consideration of a turnover tax**

We will consider options to replace corporate income tax by a turnover tax. This would eliminate a significant amount of tax avoidance and gaming of tax rules, simplify the maintenance of books and would be very simple to monitor: companies would be loath to show lower revenues than they have earned, as their market capitalisation could take a hit.

### **7.2.4 Minimising regressive indirect taxes**

Indirect taxes such as Goods and Services Tax (GST, also called Value Added Tax or VAT), excise, import duties, and sales taxes are regressive. As Engel's law shows, the share of consumption declines with

wealth, thus imposing a greater relative incidence of consumption taxes on the poor. Further, since purchases of education and health are generally exempt from consumption tax, while their consumption rises with income, consumption taxes become a less reliable source of revenues as a society becomes richer. On the other hand, indirect taxes distort consumption and investment decisions relatively less than some other forms of tax. On balance, indirect taxes can form part of a free society's tax mix.

#### **7.2.4.1 GST/VAT**

We will impose a 10 to 15 per cent pan-Indian consumption GST, with modified VAT benefits through the line, so there is no cascading. Unfortunately, political parties have repeatedly delayed introduction of a streamlined pan-India GST. VAT, which replaced state specific sales tax in most states since April 2005, started off on the right note – with an intent to provide for uniform tax rates, an input tax credit mechanism to prevent 'tax on tax', and relatively standard processes. However, states have increased VAT rates and blocked or reduced input tax credit (which allows a credit for taxes paid on intra-state purchases), thus hampering pan-India trade. India needs to be a seamless, not fragmented, marketplace.

We will put VAT back on track and complete the work to implement the GST to create a national market by bringing uniformity in tax rates, rules and procedures in different states.

GST will replace the present nightmare of indirect taxes — state sales taxes, central sales tax, excise duty, service tax, entry tax, etc. Since it will tax only the added value at each stage, it will discourage cash transactions as no one wants to lose credit for taxes already paid. Compliance will rise, tax revenues will swell, black market will diminish, and peoples' morals will improve.

#### **7.2.4.2 Lottery for receipts, to encourage tax compliance**

To further reduce any non-reporting of the pan-Indian GST, we will implement a scheme similar to Taiwan's lottery for receipts. They print lottery numbers on every official receipt, which prompts people to demand official receipts, dramatically increasing tax compliance.

### **7.2.5 Other taxes**

#### **7.2.5.1 Sin taxes**

We will examine opportunities for greater use of 'sin' taxes (e.g. on lotteries, races and betting) while ensuring that there are minimal adverse effects of these activities on society. We do not oppose any such activity, so long as it is well-regulated and minimises harm.

#### **7.2.5.2 Review of wealth taxes**

We will review existing wealth taxes with a view to making land taxes a primary vehicle for taxing property value windfall gains. Any additional wealth taxes – over and above land taxes – for the extremely wealthy, if considered appropriate and fair for the country, will be carefully considered, while avoiding double taxation and minimising any associated risks of capital flight.

In this regard we wish to specifically reject the socialist idea of *Amiri Rekha* or upper limit on individual wealth or property suggested by some people. Such an idea violates the basic concept of liberty. If wealth is justly received or earned, no restriction or upper limit can be imposed in a free society. The government is obliged, instead, to protect wealth, just as it is obliged to protect any other form of private property. We oppose any form of redistribution.

### **7.2.6 Raising revenue from asset recycling and sale of government land**

We believe a government should not own land unless it is absolutely necessary for it to do so. Accordingly, most government land will be divested, with revenues so raised invested in a Future Fund that provides dividends to the government. Further, essential public property such as Teen Murti Bhavan will be reverted to their originally intended use and all material currently in various special museums created for specific individuals will be transferred to the National Museum for appropriate display.



## 7.3 Expenditure principles and accountability

A basic method to keep taxes low is to tightly manage expenditures. We stand for thrift in public expenditure. We will treat government spending with the same care and scrutiny with which we treat our personal moneys. A key part of this is to spend only on what is essential and eliminate all unnecessary roles for government.

### 7.3.1 World best-practice disclosure principles

We will disclose the finances of governments in great detail, according to world-best standards. In addition, environmental assets will be valued separately to assess sustainability.

### 7.3.2 Strict audit of the finances and performance of the government

We will review and strengthen audit systems to give taxpayers an unambiguous indication of how their money is being spent. In particular, we will strengthen performance audit, to verify that outcomes are being achieved.

## 7.4 Sound money: Abolishing the inflation tax

A sound monetary policy is critical for a strong economy. High inflation caused by reckless increase in money supply reduces the buying power of the rupee and is highly regressive, hurting the poorest the most, but also the middle class and those on fixed incomes. Money should not become a mechanism to transfer wealth from the poor to the rich.

Sound money requires going back to the fundamentals. Money is a medium of exchange, and should not have a direct effect on the real economy. In a free society, citizens are able to determine, through their various experiments, the types of money (medium of exchange) they are willing to use. Such experiments are currently prohibited by governments which have empowered central banks (and governments themselves) to create money at will. We will end this illiberal prohibition on experiments in money, in a phased manner.

We will abolish the inflation tax and liberate the issue of money in three stages.

### 7.4.1 Phase 1: Monetary rule for a maximum of 3 per cent inflation

In the first stage we will require the Reserve Bank of India (RBI) to follow a monetary rule that keeps inflation at a maximum of three per cent. In addition, a comprehensive review will be initiated of the need for central banking, and options to privatise money. A relatively minor detail: we will also require the RBI to print currency notes in polymer.

In addition, the rupee will be fully floated, with exchange rate determined by demand and supply. To support this, all constraints on hedging will be eliminated. Before these actions are fully implemented, however, a review of timing and risks involved will be conducted, to recommend the best pathway for reform.

### 7.4.2 Phase 2: Monetary rule for maximum 1 per cent inflation

In the second phase, the inflation limit will be reduced to one per cent, even as the findings of the review are considered and a regulatory regime for a competitive market for money developed. We expect such competitive markets in money to be backed with gold, but alternatives will be considered.

### 7.4.3 Phase 3: Competitive private currencies backed by gold

In the final stage, we will establish a well-regulated competitive system of money supply. Private citizens/banks will be able to create money, subject to stringent regulation. Initially, RBI will be one of many competitors but as the system stabilises, money creation powers of the RBI will be phased out.

These measures will ensure stable purchasing power of various competing currencies, as well as interest rates that are determined purely by the market. These steps will lead to optimal production and consumption decisions, leading to further economic growth and prosperity.



## 8. Strong defence and effective foreign policy

Protection from external aggression is the primary reason we have the state. Defence is therefore the single most important function of government. Citizens who choose to protect our lives and freedom by serving the Indian armed forces perform a service above all others. We deeply honour the extraordinary role and sacrifices of our armed forces in protecting India's borders.

National security encompasses all facets of securing our nation, including economic<sup>4</sup>. India needs to act (at a minimum) as a regional pivot and a potential global influencer in the coming century. We will closely coordinate our defence and foreign policies, and integrate both of these with internal security.

### 8.1 Defence and our national security agenda

We believe that the response of successive governments to national security has not been adequately pro-active. We are part of a nuclear neighbourhood and need to anticipate all contingencies. To deter anyone's misguided attempts to harm India or Indian citizens living abroad, we commit to building the world's most powerful and defensive military force, including a strong nuclear shield and mechanisms that can thwart all forms of warfare.

#### 8.1.1 White Paper

If all nations were equally committed to liberty and peace, there would be no warfare. But that's not the situation today. Unfortunately, some of our neighbouring governments continue to stoke unrest on our borders to distract attention from their internal mis-governance. We are deeply concerned about intrusions inside the Indian border (such as inside the Line of Actual Control) by foreign terrorist groups supported by Pakistan. The line between government-directed violence and violence perpetrated in the name of religion can no longer be distinguished in Pakistan.

We are aware about our rapidly changing strategic environment, especially in the context of China's emergence as a major power. We fully support the rise of China's economic strength, but are concerned with its increasing belligerence and continued suppression of freedoms for its people.

In addition, rogue dictatorial regimes are expanding their reach into nuclear technology, threatening the lives of peaceful people across the world. Asymmetric warfare technology, such as cyber-warfare, bioterrorism, and other non-traditional warfare are emerging as threats to the world. A response to all this must be comprehensive, not piecemeal.

We want peace through our own independent strength, not through alliances that reduce our ability to speak our mind. (We welcome alliances, however, that are based on preserving liberty for all people.)

To inform a view on these and related issues, we will commission a comprehensive White Paper on defence to prepare India for the security challenges of the future.

#### 8.1.2 Resources for our servicemen and intelligence agencies

We pledge to our servicemen, servicewomen and intelligence agencies the authority and resources they need to defend India's territory and freedom. All other funding can wait, but defence funding cannot. We will increase the overall share of defence in government expenditure. To demonstrate our deep and abiding gratitude to our defence personnel, we will attract and retain high quality personnel through better service conditions, and provide them with appropriate weapons and technology. Long-pending

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<sup>4</sup> Such as cyber attacks on companies, theft of IP, preventing outflow of black money, etc.

modernization and up-gradation of equipment will be remedied by compressing the execution schedule by increasing resources.

This does not mean that a single paisa will be wasted on any unnecessary equipment or manpower. We need to build a lean and mean fighting machine. Any excess funding of defence inevitably comes at the cost of vital infrastructure and other needs. The principles of new public management that will apply to the new civil service machinery will also be introduced, as appropriate, in the defence force.

#### **8.1.2.1 Enhancing pride in our defence forces and intelligence agencies**

The defence profession is unlike any other. There is deep honour in serving the defence force, being the fortress behind whose shelter our life and freedom flourish. It is ironic that a country blessed with a young population is facing a shortage of new entrants to the armed forces' officer cadre. While publicizing and educating our youth about the (much better with our government) career opportunities in the armed forces, we will re-examine the process of induction, training and human resource development with special emphasis on post-retirement employment opportunities for personnel, most of whom are required to retire at a relatively young age.

For the liberty of Indians to be ensured, we need a very strong defence force. Whatever is necessary needs to be done to ensure that India is able to attract a continuing flow of high quality talent into the armed forces.

We will immediately establish a separate Pay Commission for the armed forces that financial compensation for our soldiers is sufficient to attract the best talent and ensures a highly selective process of promotions. In particular, it would be expected that senior defence personnel are paid on par with senior management in the private sector. There will, however, be no link between salaries in the armed force and civilian sector, particularly since all senior civilian officials will be on short term contracts, with salaries negotiated based on need.

One of the things that matters to potential recruits is what happens to them after their retirement (which is generally at a relatively early age in the defence forces). The party believes that pension must not be a right, and people must personally save for their old age requirements.

To create such incentives, we will ensure that standard requirements are imposed to ensure that an amount (say, 10 per cent or higher if so chosen by the employee) of employee's salaries is compulsorily deposited into private superannuation funds that can be managed as desired by the employees. No funds will be allowed to be withdrawn from such superannuation funds without a critical exigency or achieving the retirement age (say, 60 years).

As such, Swarna Bharat Party will draw a firm line on all new hires, who will not receive any defined benefit pension, but shall instead receive annuities based on their contributions during their active service/employment.

There would, however, be a fixed and defined pension for war widows. Also, all retired defence personnel will be able to transition to other jobs (since there will be no tenured civil service, and all jobs will be open to competition at all times). They would not receive any pension initially but if they fail to get any job after trying, they shall be provided a veterans supplement.

For all defence forces recruited under a defined pension model, the pension system would be equalised. In effect, we will have One Rank One Pension for the Defence forces. Equalisation shall not apply to any other government services' or PSUs' defined pensions.

The party would like to offer support for OROP, fully aware that this is going to be extremely expensive to the country. The issue is a result of bad policies in the past, and fixing it by directly equalising pensions is not the most efficient option. However, the decision has already been taken by the BJP government and we believe the government will find funds to deliver this policy. We would like to link the OROP support with the hope that all concerned will actively support a much wider range of governance system reforms, e.g. the abolition of IAS and all other tenured services; the abolition of pensions for all new recruits; and radical restructuring the defence forces to reduce intake at the lower levels (soldiers) and increase the use of technologically competent people who can use robotics, drones, and other high-tech equipment.



### **8.1.3 Chief of Defence Staff**

Defence policy should be under the direction of the people, through their government. Defence strategy (for delivery of high level policies and objectives) should then involve active consultation with the defence forces. The defence forces should thereafter be given independence on operational matters, within the broad parameters of policy and strategy.

On operational matters, we agree with the Kargil review committee's recommendations on the appointment of a Chief of Defence Staff (CDS) and Integrated Army Command. We will integrate the operational command of the Army, Navy and Air Force under a CDS to avoid coordination errors of the past. This will allow the creation of theatre commands operating under the Chief, with the Army, Navy and Air Force becoming seamless war machines of a single defensive force.

The CDS will be given the rank of a Minister of State, reporting to the Defence Minister. The Army, Navy and Air Force Chief's stature will be made equal to that of the Cabinet Secretary.

Staffing is an operational matter. We will ensure that (except for the CDS) the appointment of other senior officials of the armed forces is kept away from politics. Bipartisan due process at arms length from the government will be put in place, and the government obligated to appoint the officials recommended by this process.

### **8.1.4 Strong intelligence agencies**

We will strengthen the Research and Analysis Wing to ensure top class external intelligence, thereby enabling informed defence and foreign policy choices. We will significantly increase human intelligence (boots on the ground) both at home and abroad, as well as our technological and cyber-warfare capabilities to deal with the diverse threats facing the country.

More broadly, we will enhance the capabilities of the entire intelligence community to ensure that our country's leaders and military are kept fully informed in an uncertain and dangerous world. We will ensure strong accountability to ensure that our nation's sensitive information and activities are protected. Where necessary, we will enact legislation to formally embed the role of various agencies and avoid any role clarity issues.

### **8.1.5 Defence production**

Indigenous development and production of state of the art equipment and security systems is vital for India. Under the leadership of the Defence Research Development Organization (DRDO), we will encourage the domestic private sector to actively participate in defence research & development and production of cutting edge technologies. Through such private production of defence equipment (under DRDO oversight), the government will ultimately be able to privatise most public sector defence manufacturing undertakings.

Robotics will play a critical role in the future armed forces. We will encourage Indians working in this field abroad, to return to India and produce indigenous defence (and commercial) robots. Given the significant role of the private sector in our policy framework, we expect such people to be motivated primarily by private sector opportunities.

### **8.1.6 Defence procurement**

The current procedure for defence procurement involves trials and technical approval within the armed forces, followed by independent price negotiations conducted by bureaucrats and politicians. Such a procurement process has been a hotbed of high-level corruption. We will ensure an independent assessment system, a separate system for negotiation, a separate system for issue of orders and a separate system for receipt of supply and quality assurance, each reporting its independent actions to a high level board focused on probity. Politicians will be kept at arms length from the entire process, since they do not have any specialised knowledge or skills to offer.

### **8.1.7 Border roads and defence communication**

We will ensure that environmental clearances are expedited and critically-needed funding allocated for border roads and rail line connectivity to the Eastern, Western, Northern and Central sectors (where commercially possible, through private sector participation). We will support the deployment of the best means of communication within the defence forces.

### **8.1.8 Reduced armed force deployment in internal security duties**

We will not deploy armed forces against their own countrymen unless there are extreme or unanticipated threats to internal security beyond the capacity of a local administration or paramilitary force. Where armed forces are deployed, they will be provided total immunity from prosecution by civil authorities, given they operate under an entirely different accountability system. Internal accountability (under armed force rules) will, however, continue. Internal operations are not a licence to kill innocents.

### **8.1.9 Volunteers to support full-time military**

We will strengthen and revamp the part-time volunteer force and building a strong reserve of officers and soldiers. Significantly increased resources will be made available for training and other support of such forces. We will particularly encourage the participation of women in these forces.

### **8.1.10 Honouring and supporting veterans and their families**

We acknowledge our deep obligation to our veterans, and commit to providing them and their families with care and dignity. Our nation's warriors are volunteers, who serve from a sense of duty. We will focus on providing them with health, education, disability and home loan services, and memorial services upon death.

We will undertake a holistic approach to address concerns regarding pay disparities, neglect of war widows and disabled soldiers. Our wounded warriors, whether still in service or discharged, deserve the best medical care. We will make military and veterans' medicine the gold standard for mental health care (such as for PTSD), advances in prosthetics, and treatment of trauma and eye injuries. As well, we will care for the immediate families of those who have made the ultimate sacrifice, who must be assured of meaningful financial assistance.

We will support veterans in their journey to re-enter the job market as soon as possible after their military service ends. A job for a veteran is more than a source of income. It is a new mission, with a new status. We urge the private sector to give priority to veterans in their hiring decisions. We will review the scope for any tax breaks for hiring veterans.

### **8.1.11 National Armed Force Museum**

We believe that the achievements of war heroes need to be well honoured, documented and preserved for posterity. We will establish a world-best National Armed Force Museum that records all battles and provides, for posterity, a comprehensive resource (both physical and online) for remembering our war heroes.

## **8.2 Integrated defence and foreign policy**

We believe that foreign policy should be informed by national interest and strongly woven into defence policy. The highlights of our foreign policy are outlined below.

### **8.2.1 Key principles and processes**

General principles of peaceful engagement with all peoples of the world, through trade and mutual respect, will underpin all our interactions.



### **8.2.1.1 Security**

We will work closely with friendly nations to enhance mutual interests such as extradition of criminals and shutting down terrorism.

As indicated earlier, we will maintain a strong national defence capability, and enter into security alliances as equal partners, where appropriate.

If unfriendly neighbours fail to exercise self-restraint and continue barbaric behaviour (such as beheading Indian soldiers), we will not issue any further requests or warnings and may use unlimited force to clinically destroy the enemy force, including its leadership.

We advocate global disarmament. We believe, however, that India needs an adequate arsenal of nuclear weapons to motivate mutual disarmament, or at least deter nuclear attacks. We will consider destroying our nuclear weapons when all other countries undertake the simultaneous and total elimination of their nuclear capability.

### **8.2.1.2 Foreign treaties**

We believe that there are no permanent friends or enemies amongst nations, and treat all nations with equal respect, offering our hand in friendship and engaging with them in the manner justified by their own actions. We do not wish to entangle ourselves in the affairs of other nations except where mutual interests are served, or (in extremely rare cases) a nation is involved in the genocide of its own people, in which case we could intervene to stop such genocide. We believe that our treaties and alliances should be very selective and not weaken or encroach upon our sovereignty and independence of opinion.

### **8.2.1.3 Free trade and economic cooperation**

A key plank of our economic and foreign affairs strategy is free trade and investment. Free trade lowers prices and increases choice for consumers. There is also a reduced possibility of war between nations with intertwined economic interests.

We actively support liberty in all countries. We will only cautiously engage with nations that have territorial ambitions or violate human rights.

Where possible, we will remove trade barriers unilaterally, regardless of counterbalancing actions from others. At a minimum, we will seek multilateral trade agreements, and where such agreements are not forthcoming, we will seek bilateral Free Trade Agreements (FTAs), particularly with neighbours Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives and Myanmar. We will throw open India to global talent and investment, particularly from Asia.

We will cooperate with friendly neighbours to share waterways for mutual benefit. With them we will seek to build trans-border economic projects that give them a stake in India's growth. This will involve, where possible, more inland waterways and cross-border links.

### **8.2.1.4 No acceptance of foreign aid**

We reject the idea of foreign aid. India cannot grow on a foundation of pity or charity. India's policies have let us down, and we take responsibility for fixing them. We do not object to foreign voluntary organisations undertaking development work in India, but object to foreign government funding, and any foreign political or religious funding.

### **8.2.1.5 Strengthening our diplomatic force**

India has one of the smallest foreign offices in the world: a bench strength of around 1,800 officials. China has three times this number and the US over 20,000. As part of governance machinery reforms, we will both modernise the diplomatic force and increase uptake through open entry at all levels from amongst Indian citizens, particularly from the academia, subject to stringent checks. Principles of new public management will be introduced and tenure at all senior levels eliminated.

#### **8.2.1.6 International organisations**

We are concerned about undue roles assumed by many international organisations with a largely unaccountable bureaucracy. Often, these organisations take a strong anti-liberty stance, such as against freedom of speech. We will participate in international organisations (including the United Nations and the Commonwealth of Nations) cautiously, wary of empty words and attempts of dictators and other immoral leaders to tell the world what it should do.

Till an alternative to the United Nations is created, however, we insist on permanent membership and veto power for India in the Security Council.

#### **8.2.1.7 Supporting Indians abroad**

We will firmly protect the interests of Indian citizens who live or work abroad (NRIs), and maintain close relations with foreigners of Indian origin (OCIs and PIOs), many of whom continue to think and work for a new India even though they live abroad. We believe that the Indian diaspora are a fantastic asset for the country: widely aware of the world, of good practices and well settled. We encourage them to help India fulfil its destiny.

#### **8.2.1.8 Dual citizenship**

In recognition of their contributions, and to directly allow them to bring their knowledge to India through the political process, we will give OCIs an opportunity to resume Indian citizenship. Subject to security clearance, OCIs will be able to resume full Indian citizenship for a one-time fee of \$10,000 without losing their alternative citizenship/s.

### **8.2.2 Relationships with specific nations**

India's international interests encompass important relationships, such as with our SAARC neighbours, with Commonwealth countries, with Japan, Russia and the USA, and with many nations of Asia. Limitations of space prevent us from including all nations, but a few key relationships are discussed below.

#### **8.2.2.1 USA**

We are committed to a strong relationship with USA, to foster and strengthen freedom and democracy across the world. For this relationship to grow stronger, we expect the USA to stop arming countries that threaten India's interests.

#### **8.2.2.2 Japan**

We will enhance our engagement with Japan in scientific and manufacturing partnerships. Japan will be invited to invest in India, assured of good governance and the rule of law under the policies we bring to India. We will also enhance defence collaboration with Japan and Australia in the Asia-Pacific region.

#### **8.2.2.3 China**

India aims to have excellent trade and cultural relations with the Chinese people. However, we reject all claims of the Chinese on Indian territory, including the territory occupied by China in J&K, and believe there are opportunities for China to play a more constructive role in Tibet by giving it greater autonomy, on par with its historical independent status. We also wish to see China defend the freedoms of its people, and their rights to opinion and democratic franchise. Such actions by China will allow the two largest nations of the world to work towards mutual prosperity and global peace.

#### **8.2.2.4 Russia**

We will continue our decades old friendship with Russia, which supplied defence equipment to us when others were unwilling to do so. We hope that Russia will enhance freedom of speech for its citizens and engage actively with the rest of the world, given it is in our self-interest to create global trade and peace.



#### **8.2.2.5 Pakistan**

We support India's policy directions to date in relation to Pakistan. We believe that better trade and cultural relations should be contingent on Pakistan bringing its ongoing hostilities against India to a complete halt. Given its tortured history, however, this seems unlikely. We suspect that Pakistan's internal conditions are likely to remain precarious for some time.

Subject to Pakistan stopping incursions into India, we will work towards ending the border dispute with Pakistan. If Pakistan can demonstrate and assure durable peace through changes to its internal governance systems, we will consider formalizing the Line of Control (LoC) into a permanent national boundary. After undisturbed peace has been achieved, we will consider throwing open the border for much greater trade and interaction. In due course, these open borders for trade will assist in long term peace.

When pre-conditions for peace are met, we will also collaborate with Pakistan to build highways to Iran and central Asia.

#### **8.2.2.6 Bangladesh**

We are committed to strong ongoing trade and cultural relationships with Bangladesh, even as we wish to deal with illegal migration into India. We acknowledge that immigration has reduced. However, there remain innumerable challenges in sending back illegal immigrants to Bangladesh. We will work towards agreement with Bangladesh to put an end to illegal migration.

#### **8.2.2.7 Nepal**

Indian governments have, since 2004, often seemed to assist Maoist forces in Nepal. We reject any support for Maoists and will work to encourage liberty, democracy and good governance in Nepal.

#### **8.2.2.8 Sri Lanka**

We remain committed to better relations and trade with Sri Lanka. We will work closely with Sri Lanka towards genuine democracy and liberty for all, including equal treatment of Tamils in Sri Lanka. We will collaborate with Sri Lanka to build a bridge across the Palk Strait, to facilitate commercial activity.

#### **8.2.2.9 Corridors with South East Asia**

We will aim to help complete the Asian trilateral highway to Thailand, as well as the Kaladan multi-modal transport corridor. We will work towards linking a new port in Chennai with Dawei in Myanmar and on to Thailand. As more transport connections are built into Southeast Asia, we will further strengthen our bilateral engagement with SE Asian countries.

#### **8.2.2.10 Undersea energy corridor with the Middle East**

We will seek to facilitate an undersea energy corridor connecting oil terminals in western India to oil sources in Iran, Qatar and other Middle Eastern countries. We remain concerned with the absolutist regimes in many Middle Eastern nations, which constitutionally reject pluralism, free speech and democracy. We will engage with these nations to promote the equal rights of all their citizens and of others who may choose to live or work there.

## 9. Effective police, emergency management and internal security

Strong families and caring communities are the most effective force in reducing crime and social afflictions. But even under the best circumstances, strong, well-trained law enforcement is necessary.

Law and order is a core function of government. Unfortunately, security is a distant dream in India today. Gangsterism, terrorism and bellicose fundamentalism are widespread. The illegal mandates of political criminals and criminal politicians override and dictate to the law and order machinery. Communalists and casteists have created an aura of legitimacy. Police has been subverted by corrupt recruitment, deployment on VIP security, and the well-documented criminal-politician nexus.

Citizens have the highest expectations of service, integrity and effectiveness from the Police, but today there is not much love lost between citizens and the police. The Police seem to owe no accountability to the people, and often behave like haughty foreign rulers of India. A strong effort has to be made to reform and modernise the police force.

The problem, as with all other broken governance systems in India, is not with the members of the police force, but with the systems they are placed in, and with the limited resources at their disposal. Criminals are usually better equipped than the police. Essential funding support for modernization and technology needs to be provided.

### 9.1 Police and policing reforms

Police system reforms will, in many ways, resemble the reforms of the general bureaucracy. Policemen at senior levels will be recruited from the open market (some specialists could be recruited globally), with contractual appointments linked with performance. These officials would be empowered to appoint other members of the force, with significant independence in operations, but with total accountability for results.

Recommendations of the National Police Commission that are clearly compatible with liberty and which provide the right incentives will be implemented. Training will be significantly improved. These measures will raise the competence, responsiveness and morale of the Police.

We will significantly increase the size of the police force, increasing the police/population ratio over the course of ten years from the present 106 per lakh population to the UN-recommended 222.

Integrating our paramilitary forces with the police force is paramount for counter-terrorism and counter-insurgency operations. Training of a quality that is commensurate with the armed forces will also be imparted to the paramilitary forces. Paramilitary forces would also benefit by inducting the highly trained armed force manpower, as a second career option. As soon as such capability is established, we will stop the use of armed forces for internal security threats.

Intelligence is an important part of effective internal security. The Intelligence Bureau will be formalised and regulated to ensure the nation receives the best possible advice, while ensuring that the rights of Indian citizens are fully protected.

Other reforms include:

- computerisation of the records of criminals
- making it possible for First Information Reports (FIRs) to be lodged through the internet
- prosecution and punishment of any police officer who uses or condones the use of “third degree” methods. We are concerned about extra-judicial killings and excessive use of force by the police and similar bodies. We expect the police to use the judicial system to resolve crime, including terrorist crime. Unless there are circumstances involving direct and immediate threat to the life of citizens (or police personnel), no ‘encounter’ will be tolerated. ‘Fake’ encounters will be ruthlessly punished.



- using body cameras on police during the performance of their public duties. These can prevent any police excess or bribery and identify criminals. However, since there are some reported adverse implications of this, we will carefully review the literature and legislate the use of body cameras where appropriate, with due precautions and care for any adverse implications. We will also endeavour to have such cameras provided to all public servants (including bureaucrats) who have public interactions, to also audit their interactions independently, and ensure they behave respectfully with citizens.

## 9.2 Emergency management

Prevention of natural and other large scale disasters, and ensuring recovery from such disasters is a core function of government. In doing so, we will not only ensure world-best practices are followed at each step, but special effort is taken to cater to the needs of the disabled (e.g. those unable to hear emergency sirens or take shelter without external assistance).

### 9.2.1 Common help line for police and ambulance

We will introduce a common emergency number for police and ambulance. People would be able to call this number during an emergency, and the helpline would record the call and send the right person (sometimes both police and ambulance).

## 9.3 Specific internal security policies

### 9.3.1 Advocates of violence (including for self-defence) will be prosecuted

We will come down heavily on individuals or organisations that advocate or use violence for any religious or political purpose. This includes organisations that provide armed self-defence training meant only for a specific group or community. Self-defence is relevant for the nation as a whole, so only the State will impart such training – through the NCC, Home Guards and other inclusive organisations. We do not tolerate the armed training of civilians by any non-State body (training such as unarmed martial arts is fine).

### 9.3.2 Jammu and Kashmir

We are committed to peace and prosperity in J&K (which includes the people who lived there at the time of independence and now live in territory illegally occupied by Pakistan or China). We will review the Justice Jeevan Reddy Committee's 2005 recommendation to replace the Armed Forces (Special Powers) Act with a more humane approach, balancing security with human rights. On an urgent basis, we are committed to the return of all displaced persons, including Kashmiri Pandits, to their home, should they wish to return.

We believe that the Indian State of Jammu and Kashmir is an integral part of India and are committed to abrogation of the Article 370 of the Constitution of India, which has created a dual layer of sovereignty within a single nation. It does not make any sense for Kashmiri Indians to be able to freely settle in any part of India, but for other Indians to not be able to do so in Kashmir. This reform will, however, be done in a manner which assures liberty to all Indians through a range of other reforms detailed elsewhere, and allows good governance to be established everywhere in India. Only after the rule of law along with equal opportunity has been brought to all Indians, will we request a recall of the J&K Constituent Assembly (as required by Article 370(3) of the Constitution) to consider this amendment. Without the goodwill and consent of the people of J&K, such an amendment will violate the spirit of democracy and liberty.

### 9.3.3 Aadhaar (citizen ID)

After a thorough review of the legal basis of the Aadhaar card, and after addressing any privacy or other issues that may arise, including potential misuse by government functionaries, we will ensure that each citizen receives a unique ID. This will help identify them for various transactions, such as for bank account

or tax purposes, and also help track any government benefits (e.g. NIT-type) they may receive, thereby preventing identity fraud.

While the Aadhaar card is currently unrelated to the concept of citizenship, it should – in principle – not be issued to illegal migrants. We will build citizenship checks into the further development of Aadhaar, and discontinue it for non-citizens. We will study the feasibility of inter-generational biological markers (such as DNA) that can help eliminate any continuing illegal migration into India.

#### **9.3.4 Ayodhya temple**

In general, it is desirable that government not involve itself in dealing with ancient monuments directly, which should be reverted to the people as private property under regulatory oversight. Where property rights are not strongly bound by the law, there are ongoing possibilities of such disputes.

Given the nature of this particular dispute, we believe that the matter of the Ayodhya temple is best left to the courts to decide.

#### **9.3.5 Naxalism**

Naxalites now have a substantial presence in over 140 districts, marking a continuous corridor from Nepal to Andhra Pradesh. The Naxalite issue is largely the consequence of underdevelopment and corruption of the Central and state governments. We will bring Naxalites back to the mainstream through guidance and incentives, including transparent explanation and negotiation. However, anyone who has indulged in robbery, destruction of property, assault, or been involved in killing will be brought to book: subject perhaps to a more nuanced approach, given Naxalism's political motivations.

#### **9.3.6 North East**

Special effort is needed to address the geographical isolation of North East India, through better transport and security. To the extent possible (within national security requirements), we will open the old Silk Route to Lhasa and jointly engage with Myanmar to build a world-class road to Yangon (formerly, Rangoon). This will enable the region to engage in trade with India's neighbours and expand jobs and opportunities.

There is a strong and ongoing (albeit reduced) problem of illegal immigration from Bangladesh into the North East and other parts of India. The modus operandi of the immigrants is complex but can involve adopting the names of erstwhile local residents who have moved to other places, or died. It is extremely challenging to distinguish between genuine and fake records of name, ancestry and education on typed rice paper with rubber stamps, signed by people long dead. We will establish independent committees of citizens to assist the police in identifying illegal immigrants. The services of retired officials with relevant experience will be used. In doing so, however, it will be ensured that no citizen of India is harassed.



## 10. Efficient and effective justice system

All freedom must necessarily be bound by accountability. We are free to do what we please, so long as we do not harm others. The justice system ensures accountability. If we harm anyone, justice must be quick and proportionate so everyone involved can get on with their life. But today there are about 3.80 crore pendencies/arrears/backlogs and cases drag on for years altogether, depriving many citizens of justice and violating their fundamental rights to life and liberty.

### 10.1 Root and branch review of the judicial system

In its 117th Report (1986), the Law Commission observed: “The Indian Judicial System is admittedly colonial in origin and imported in structure. Without even a semblance of change in the last four decades since independence, in its mode, method of work, designations, language, approach, method of resolving disputes, it has all the trappings of the system established by the foreign rulers.”

We will commission a first-principles review of the justice system to report within two years. In the meanwhile, we will commence implementation of a suite of urgently needed reforms. Some of the questions we will specifically ask the review to look at, include:

#### 10.1.1 Examination of the option to have elected judges at the State level

We will ask the judicial system inquiry to examine the option of having elected judges at all levels up to the State High Courts. This would allow people to assess the suitability of a judge for their day-to-day judicial decisions.

#### 10.1.2 Contractual appointments with power of dismissal

We will ask the review of the judicial system to consider options by which most judicial appointments can be made contractual. Failure to meet KPIs should lead to termination of the employment contract. This reform will almost certainly require careful consideration and one or more Constitutional amendments.

### 10.2 Immediate steps to reduce corruption in the judiciary

A judiciary must be above board and above suspicion. The judiciary must be perceived to be *absolutely* honest, unbiased, and accountable. There is no more heinous offender of liberty than a judge that is not impartial. Judges who take bribes subvert the entire concept of justice.

Unfortunately, as Chief Justice P. Sathasivam of the Supreme Court noted in July 2013, the Indian judiciary is not untouched by corruption<sup>5</sup>. We know that influential people are able to manipulate the ‘justice’ system to avoid jail. Innocents are punished and the guilty escape. Petitions of rich and influential people are heard within days (even hours), while matters related to the poor languish for years, often never being completed in an entire lifetime. Bribery and perjury have destroyed justice, making it less a system of justice than a system of ‘match-fixing’.

Although we would like to impose a death penalty for those who bribe judges and for those judges who accept bribes, we prefer to address the systemic causes that create such incentives. We believe there are two key causes of this deterioration: (a) incentives: the relatively low salaries compared with what judges can get as private lawyers; and (b) opportunity: judges deliver judgements in India, not juries; thus giving them enormous power over judicial decisions.

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<sup>5</sup> <http://www.thehindu.com/opinion/interview/judiciary-not-untouched-by-corruption/article4866406.ece>

These underlying causes need to be urgently addressed. The main reforms in this regard are outlined below, with other reforms detailed later.

### **10.2.1 Independent Commission for remuneration of judges**

Most judges are paid relatively poorly to their private practice capability, creating strong incentives for corruption. We will establish, within the first year, an independent commission for remuneration of judges that would advise government on a market-comparable compensation framework for the judiciary.

A framework for remuneration should include incentives for quality, accuracy and speed of judgements and penalties for failure to deliver KPIs. Options to impose a penalty including dismissal, should performance falter, would be explored. Without the power to dismiss judges who fail to perform honestly and efficiently, merely increasing salaries may not achieve the intended objective.

We will accept the initial recommendations of such a commission to the extent budgetary capacity permits, noting that we are committed to significantly increasing funding of the government's core functions. The people of India cannot afford to be penny-wise pound-foolish on matters of life and death such as justice.

### **10.2.2 Jury system for all criminal trials**

The most important feature of a jury system is that the people decide, based on evidence. The judge presides over the process, to ensure evidence is impartially admitted for consideration.

Justice is best served when citizens who allocate the time to review evidence, arrive at a considered conclusion. Having a multiplicity of jurors who assess the facts makes the decision more independent than having a single judge decide. The risk of a potentially biased jury is far lower than the risk of a corrupt judge. Such a risk can be readily minimised through a good process to select the jury. Moreover, having a jury trial forces the evidence to be presented in a continuous hearing process, without adjournment. That, too, reduces the scope for corruption.

We will enact relevant legislation to pilot the jury system in minor criminal trials for two years, and then roll it out more broadly, through appropriate legislative change. Given the need for legislative change, the implementation of this reform can take around a year to start.

We will also consider a jury system for significant civil trials, particularly those (such as libel cases) that contest basic freedoms, such as freedom of speech.

### **10.2.3 Bribery of judges by governments to be punished**

The government is a litigant in many cases (including criminal cases, in which it may be a defendant). There have been numerous high profile cases where governments have bribed judges by giving them highly subsidized land and other bribes. We believe a judge must be paid well but receive only his or her official salary and entitlements, no more.

We will legislate to make it a crime punishable by death of the relevant government's Chief Minister or Prime Minister where any government provide pecuniary benefits to a judge over and above the judge's contractually payable salary and entitlements.

## **10.3 Further reforms for an honest, high performance judiciary**

Other systemic reforms we will implement are detailed below.

### **10.3.1 Mandatory punishment for perjury**

The lackadaisical attitude of many judges towards perjury is destroying the very idea of justice. People submit false affidavits with impunity, as judges don't care. False statements and evidence are often recorded under the very nose of trial judges. Professional 'witnesses' or criminal trials appear in multiple cases before the same judge, with impunity. As a result, only the honest fear the judiciary.



There is a deep sense of despair across India at the current state of affairs.

We will legislate to make the imposition of stiff penalties non-discretionary for all cases of perjury, with a minimum two year prison sentence. We will make it a criminal offence for a judge to not impose mandatory perjury penalties. We will make it a crime for a judge to not impose mandatory penalties for perjury, with a minimum sentence of two years.

### **10.3.2 Transparency in the appointment and transfer of judges**

The existing system of appointments to the superior judiciary, through a collegium of senior judges in High Courts and the Supreme Court suffers from serious deficiencies.

#### **10.3.2.1 Parliament to appoint all Supreme Court judges**

We will seek a Constitutional amendment to require all Supreme Court judges to be appointed by the Parliament. The people of India have the right to assess the suitability of a judge at such senior levels. The judiciary must be accountable to the people of India at all times.

#### **10.3.2.2 Interim reform**

Pending the Constitutional amendment, we will discuss with the Supreme Court Chief Justice options to identify opportunities to improve the system of appointment of judges, including (if necessary) through immediate reforms such as the Judicial Appointments Commission Bill and the Judicial Standards and Accountability Bill. A key to all judicial appointments should be the deep-held commitment of a candidate to liberty, including freedom of speech.

#### **10.3.2.3 Internal Review: Accountability for timely justice**

We will discuss with the Supreme Court options to introduce an internal review system to deal with complaints against judges and any unnecessary delays by judges.

#### **10.3.2.4 No one to become a judge without significant experience as a lawyer**

Currently there is no minimum practice requirement for becoming a judge in the district courts. People can directly appear after their law degree for an exam to become a judge. We will seek advice from the Supreme Court regarding imposing a requirement of significant case practice as a necessary pre-condition to appear in the exam in order to become a judge.

#### **10.3.2.5 Training to improve the quality and efficiency of justice**

While the long run reforms of the judicial appointments system will significantly improve the quality of judges, as an interim measure we will upgrade the training systems for judges with a focus on any changes to the law and on best practice court procedures, such as that:

- arguments should be heard soon after the close of evidence, as they take much less time than arguments advanced after a long interval (recommendation of the 77th Law Commission);
- trial courts judgments should be brief and not a show of learning, and yet deal with inconvenient contentions and crucial arguments by appraising the evidence, relevant statutory provisions and such authorities that have direct bearing;
- Order 17, Rule 1, CPC (which does not allow more than three adjournments) should be followed and dilatory tactics including frequent adjournments, delays in filing documents, delays in serving or evading service be firmly curbed;
- Judgments should be pronounced within 30 days (Order 20, Rule 1, CPC) and decrees within 15 days; and
- a time limit should be enforced on unnecessary details, such as over-proving allegations or unduly prolix examinations and cross examinations of witnesses.

### **10.3.3 Limiting the jurisdiction of the Supreme Court**

We will enact legislation to further minimise non-Constitutional matters from coming before the Supreme Court. While a law can be challenged if it is felt to be unconstitutional, its normal operation would not be justiciable beyond the High Court. The only exception would be a further appeal from High Courts where the death penalty is imposed.

### **10.3.4 Freedom (Justice) Minister to be paid based on quality and speed of justice**

The Justice Minister, like all Ministers, will be paid partly according to results. KPIs for the Minister would include targets for resolving the case backlog, as well as indicators of speed and quality.

### **10.3.5 Independent prosecuting agency**

We will create an independent prosecuting body to ensure that police and investigative agencies have collated sufficient evidence and have reasonable prospects of securing conviction, before filing a charge sheet. This will also apply to cases filed by the government in civil matters and help minimise unnecessary government-created litigation. Internal review of processes and of any complaints received, and external audit of its performance would support other governance processes in place to ensure integrity and competence of this organisation.

## **10.4 Timely, efficient and effective delivery of justice**

### **10.4.1 Continuous hearing in all criminal cases**

This will be automatically implemented with a jury system. However, we will work to make this a requirement in all criminal case hearings.

### **10.4.2 Rapid disposal of cases of under-trial prisoners**

It is a shame that thousands of under-trials are in jail for over ten years without their guilt having been established. We will cause a review of all cases of under-trial prisoners. Except for alleged crimes against person, they will either be freed on bail or permanently released if the time they have served is more than half the maximum statutory sentence.

### **10.4.3 Significant increase in the number of judges**

India currently has a ratio of around 13.5 judges for every one million persons. In developed countries, there are 130-135 judges for every one million persons. A judge needs to go into the details of the evidence and the law before deciding a case. Quality justice takes time. Without dramatically increasing the number of judges, we cannot deliver timely and quality justice to the people of India. The Supreme Court has directed an increase in the strength of judges to 50 per million in the subordinate judiciary. We believe this is an essential governance reform. We are committed to increasing the strength of judges to at least 50 judges per million within three years. Funds for this will be raised from recovery of efficient costs of the justice system through appropriate fees, and from rationalisation of the tax system.

#### **10.4.3.1 Tripling the expenditure on justice in three years**

Korea spends more than 0.2%, Singapore 1.2%, and the U.S. 1.4% of its GDP on justice. India, however, spent only 0.01% of the GDP on justice in 2000. What can be more absurd than this, that a core function of the government has been given such short shrift by successive governments in India? By cutting out unnecessary functions, we will redirect savings into core functions, one of the most important of these being justice. A quantum increase in expenditure on the justice system will be considered, at least tripling the current spending within three years, and much more in the future.



## **10.4.4 Fast-track options**

### **10.4.4.1 Fast-track courts to deal with corruption/ criminal charges against MPs**

This policy has been detailed earlier, and is a critical part of our commitment to ensure that only good people are able to become elected representatives.

### **10.4.4.2 Fast-track courts for crimes committed against person**

We will create a fast-track system for crimes against person, with a maximum judgement time of 12 months from the date of reporting such crime, including a maximum of six months for investigation. Exceptions to this timeline will be investigated by a Judicial Commission and any necessary extensions given only in exceptional cases. Officials responsible for unnecessary delays will be punished.

Terrorists and those who potentially pose a grave threat to the nation would be tried even more quickly through special courts.

### **10.4.4.3 Other cases requiring to be fast-tracked**

We will request the Supreme Court to strengthen its normal prioritisation mechanism. Cases requiring urgent attention/priority should be fast-tracked. This could include cases involving the death sentence; habeas corpus petitions; where orders have been passed staying other proceedings, or against orders of remand; cases involving senior citizens (whose timeline for justice is necessarily shorter); cases affecting custody of children; and motor vehicle accidents.

## **10.4.5 Measures to reduce procedural delays and the time and cost of justice**

We will undertake a range of reforms to reduce justice system delays and costs. Illustratively, these include:

### **10.4.5.1 Pre-litigation measures**

Section 89 of the Civil Procedure Code (CPC) provides for alternate dispute redressal mechanisms (ADRs). After issues are framed, cases can be referred to appropriate ADRs. Streamlining this process can reduce the time and other costs of justice.

We will enhance the process to refer parties for counselling prior to commencing litigation, especially when there is scope for settlement. In general, all cases between two or more government agencies/departments should be settled outside courts – or through the inter-governmental machinery.

We will create a regulatory regime that supports any private online dispute resolution initiatives for minor issues. In a competitive market, such systems are likely to be cheaper and quicker than comparable government systems.

### **10.4.5.2 Plea bargaining**

Chapter 21 A of The Code of Criminal Procedure (CrPC) provides for pre-emption of trial for petty offences punishable with imprisonment up to 7 years, through a mutually satisfactory disposition where the court directs the accused to pay an agreed compensation to the victim, and may either release the accused on probation or sentence the accused to up to half the minimum punishment prescribed for the offence in question.

Unfortunately, plea-bargaining is rarely used in local courts. We will review the use of plea-bargaining and streamline it, excluding certain offences such as those committed against a woman or a child below the age of fourteen. This will significantly increase its use.

### **10.4.5.3 Stern punishment for frivolous litigation and appeals**

The government itself is a huge contributor to justice system delays. In matters where it is a party, it is common for the government to evade notices, reply to notices without application of mind, and unnecessarily appeal even when the laws are clearly in favour of the other party. Parties with deep pockets also waste a lot of judicial time, with vicious and frivolous cases and appeals, each of which is ultimately lost with strictures.

The 192nd Report by the Law Commission (2005) outlined the concept of a vexatious litigant and proposed a draft bill, The Vexatious Litigation Prevention Bill. We will enact strong legislation to impose costs on parties engaging in frivolous litigation. In particular, we will make laws to stringently punish the senior-most government functionaries found responsible for vexatious litigation.

Such penalties will also apply to police officers whose parking or other tickets are dismissed by courts.

#### **10.4.5.4 Stopping endless appeals**

Due to slack judicial action, cases in India are often disposed without deciding the real issue. This results in endless appeals. Lawyers are also paid on a per-court appearance basis, and hence have little incentive to resolve cases. Procedural laws allow lawyers of clients who oppose the resolution of a case to submit endless interlocutory appeals. We will review and streamline civil and criminal procedures, to avoid such obfuscation of justice. We will regulate legal fees to require a cap on costs to be declared for each case by litigating lawyers to prevent their incentive to lengthen proceedings.

## **10.5 Structural reforms of the judicial system**

### **10.5.1 Making the Supreme Court more accessible**

Given the heavy caseload and backlogs, as well as the time and costs imposed on litigants to travel to Delhi from distant states, there is much merit in decentralising the Supreme Court. The 2009 Law Commission recommended that the Supreme Court be split into a Constitution Bench in New Delhi and Cassation Benches in the four regions to deal with all the appellate work arising out of high court decisions. Though the Supreme Court has expressed reservations about any such radical re-structuring, we believe that one additional branch of the Supreme Court, initially in Bangalore, should be piloted in the first instance. Any concerns of the Supreme Court about capacity to govern the Cassation Benches can be addressed through close-circuit video conferencing, so regular private meetings can be held with the Chief Justice.

### **10.5.2 Commercial courts**

Given the costly and time-critical nature of large commercial and contractual cases (such as IPR, mergers and acquisitions), we will set up Special Commercial Courts to fast-track such litigation, with a significantly higher fee. We will also appoint experienced and qualified judges on contract for technically complex cases. Such contractual judges could be hired from anywhere in the world.

These actions will also empower our judicial system to increasingly take on the role of a global hub for arbitration and legal process outsourcing.

### **10.5.3 Mobile courts, Lok Adalats, Family Courts**

For relatively minor civil matters, we will set up mobile courts and encourage people to use the services of private arbitrators. We will increase Lok Adalats to one per 50 villages, and increase the number of Family Courts.

### **10.5.4 Panchayats to judge simple civil and criminal matters**

Today, even petty cases tend to go before judges. We will pilot the use of panchayats for some minor civil and criminal issues, and minor land disputes. If successful, this would be rolled out, while always ensuring that panchayats abide by the norms of liberty and justice.

### **10.5.5 Private courts for certain civil matters**

We will enact laws to enable private (including online) arbitration and courts. Citizens will be able to choose in advance the use of such private courts as part of contracts such as for the construction of a house. Upon activating a dispute, the losing party will be required to pay penalties, including reasonable legal costs. This will create competition for justice (thus also keeping government courts on their toes)



and lead to innovative, quicker justice. This will also, by reducing government court caseloads, ease justice system backlogs and save taxpayers significant amounts of money.

## 10.6 Making the justice system more humane

### 10.6.1 Free high quality legal aid

The poor (those eligible for an NIT-type payment) will also be eligible for free high quality legal aid, the costs of which will be partially met through penalties imposed on the losing parties. No aid will be provided where it is determined by the legal aid system that the party is guilty.

### 10.6.2 Easier access to bail

We will make the option of bail for most charges (excluding crimes against person) mandatory and easier, to minimise unnecessary harassment of potentially innocent people.

### 10.6.3 Prison reforms including rehabilitation and reduced recidivism

Prison should be a place for a prisoner to repent the crime and to reform, to facilitate re-integration with society upon their release. We will introduce privatized prisons (with appropriate regulatory oversight) to be partly paid on reduced recidivism rates

Imprisonment, being a restriction on freedom of movement, is itself a major punishment. There is no need for further cruel and degrading treatment of prisoners. We will also take measures to look after prisoners' families, particularly of their children, to ensure that any ill-effects on their upbringing and self-confidence due to their parents' imprisonment are minimized.

### 10.6.4 Review of private costs of reporting crime and reducing these costs

The effects of reporting certain violent crime, such as rape, on the mind, career, marriage prospects and social status of the complainant are often enormous. The victim thus gets further victimised. These reporting and social obstacles create incentives for significant under-reporting, thus emboldening criminals.

We will review the private costs of reporting violent crime and introduce a range of laws and supports that make it easier to report and reduce the distress and costs (including social costs, such as through appropriate confidentiality) involved.

#### 10.6.4.1 Looking after the victims of serious crimes

We will strengthen systems (largely through civil society institutions) to support and rehabilitate victims (and victim families), to ensure that they are reintegrated back into society at the earliest.

## 10.7 Modernisation of laws

We will modernise laws, particularly the penal laws. Some of the key modernisation issues are outlined below. Some others are mentioned elsewhere in this document, such as in relation to freedom of speech and property rights.

### 10.7.1 Government to be liable for harm caused

We will legislate a duty of care that all government employees must ensure in their interactions with their clients. This will allow the government to be sued for damages where government servants, through their acts of commission or omission, harm citizens.

### 10.7.2 Review of contempt of court provisions

Judges need powers to enforce decorum and demand discipline as part of the judicial process. However, there is a countervailing requirement to require constitutionally consistent restrictions on the exercise of

these provisions, to limit any wilful misuse. Contempt of court provisions will therefore be reviewed and appropriate rules created to ensure these powers are deployed only in extremely limited cases.

### **10.7.3 Capital punishment for heinous crimes**

For heinous crimes (including serious cases of corruption, child abuse and rape), judges would be required to specifically justify any exception to capital punishment, once proof beyond reasonable doubt has been adduced. Capital punishment in such cases would create a deterrent effect.

### **10.7.4 Minimum standards, not a Uniform Civil Code**

Article 44 of the Constitution has become a proxy fight for religious dominance. SBP does not agree with the concept of a UCC as it is commonly understood. The question before us is not whether we should have a UCC but what is the legitimate role of government (our servant) in the affairs of citizens.

A government's role in our lives must be limited to minimising or addressing real harm. A government can only step into personal relationships between citizens as a registrar of property rights or of any long term relationships; as an entity that clarifies property rights and enforces them; and as an entity that prescribes and enforces minimum standards of accountability where any physical harm is involved.

Accordingly, just as it is legitimate to establish a minimum age for marriage, SBP believes that it is a legitimate role for the government to set minimum standards regarding personal relationships in matters where harm might otherwise arise (e.g. adoption, maintenance of children and unemployed spouse after divorce, etc.). These standards could also include reasonable minimum requirements on the process of signing up to (or revoking) long term personal relationships: for instance, minimum "time for reflection" for marriage and divorce.

A government can also lay down a standardised set of processes for of marriage or divorce, should people wish to choose such a standardised process. However, it is not the job of government to comment on (leave alone codify) processes prescribed by different religions or cultures in regard to personal relationships, to the extent these processes comply with minimum standards. Religious freedom and freedom of conscience are paramount for a free society; subject to no harm being caused through such freedom.

In general, SBP does not agree with the concept of Directive Principles of State Policy since a Constitution should limit the government's role and powers and focus on citizens' fundamental rights. Policy matters should remain the domain of elected governments. The party is also committed to repealing all parliamentary laws that identify or attempt to codify specific religions.

The state and religion must be kept separate at all times. A government must focus on its core functions, not dabble with the personal beliefs of its citizens so long as they do not physically harm others.

### **10.7.5 Stronger accountability: Prisoners to pay for their upkeep**

We will introduce innovative methods and technologies to ensure that society doesn't pay unduly for the upkeep of prisoners. In general, prisoners will be billed all costs of their upkeep. Where they have known resources and assets, payment will be required before they are released. For prisoners without any identifiable resources, the amount will be converted into a loan and recovered through the tax system.

Wherever appropriate, prisoners will be required to serve the family or community they have harmed.

### **10.7.6 Mandatory imprisonment for gang crimes and violent sexual crimes**

We will enact mandatory minimum prison sentencing for gang crimes, violent or sexual offences against children, rape, robbery, murder, and all assaults involving serious injury to law enforcement officers. We will create a national registry for convicted child abusers so they can be readily tracked. Parole will be minimized for dangerous or repeat felons.



### **10.7.7 Strong laws against torture**

Despite signing the Convention against Torture in 1997, India is yet to enact a law to ratify the treaty. We will introduce such a Bill at the earliest.

### **10.7.8 Review of victimless crimes**

Under various victimless crime laws, people are punished even when they have not directly harmed anyone. Typically, this relates to dealing with, or consuming drugs that are deemed illegal. We will review laws regarding victimless crimes for necessity, and where considered necessary, for appropriateness of punishment.

In particular, it is not the business of government if someone voluntarily consumes drugs in the privacy of his or her home, so long as no one is physically harmed. On the other hand, driving or managing heavy machines under the influence of drugs, manufacturing poisonous drugs, or domestic violence arising from drug use will remain a punishable offence. Because drugs will be legalized, they will become amenable to regulation and taxation. This policy will, at one stroke, get rid of a large section of the underworld of crime and terrorism which is currently supported by the illegal drug trade.

### **10.7.9 Sexual orientation not a crime**

We object to Section 377 of the IPC, which criminalises homosexuality. From the scientific perspective, homosexuality has long been proven to have a significant biological (i.e. genetic) component. Criminalising homosexuality is a throwback to the time when ignorant prejudice ruled the world. We will abolish this 'crime', particularly also as it is victimless. This provision violates the principle of equality and liberty guaranteed to every citizen by India's constitution. A government can have no role in people's bedrooms in matters of consensual sex.

Non-consensual sex in same-sex cases will be captured by the normal provision regarding rape. [Note: Effective 6 September 2018, the above section needs to be revised. SBP will watch implementation and then amend this section.]

Further, same-sex couples that wish to live together in a marriage-like relationship, should legally be able to do so. It may be inappropriate, however, to term such a relationship as 'marriage', to distinguish it from traditional heterosexual marriage. It may also be inappropriate to give such form of cohabitation the right to bring up adopted children. However, SBP is committed to an evidence-based approach and believes that a detailed assessment of evidence, with the best interests of children in mind, should inform the country's final position on this issue.

### **10.7.10 Adultery not a criminal offence**

Section 497 of the IPC, a provision drafted in the Victorian era, treats adultery as a crime, which can be complained against only by the husband and never by the wife. We will move adultery from a criminal into a civil offence. Adultery is a form of breach of trust and should remain a ground for divorce, but is not a criminal matter. All sexual acts between consenting adults will be removed from the IPC.

### **10.7.11 Reform of child protection, domestic violence and dowry laws**

Most marriage-related complaints in India are considered to be criminal in nature. This is inappropriate. Except for matters involving physical violence and abduction, all other marriage issues will be moved into civil law.

While many women face an oppressive environment at home and domestic violence needs to be punished, enough evidence has now accumulated that s.498a of the IPC, which addresses domestic violence and dowry deaths, is often misused due to the absence of checks and balances and its inbuilt stereotypical assumptions about gender roles. But no assumption of guilt should be inbuilt into the law. We will make offences under s. 498a bailable and compoundable, and require that any party that files a false case be mandatorily imprisoned for a minimum of three months, with all legal costs borne by the party that filed the false case.

Since India is not a signatory of Hague convention on Private International Law, any marriage-related dispute between a foreign and Indian citizen is dealt as per Indian law. Further, current laws are unclear about the rights of the other marriage partner when one spouse takes away the children without consent. We will legally endorse the international convention to ensure international standards for child protection.

### **10.7.12 Review of discriminatory laws**

We will review the *Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act, 1989* under which only atrocities against members of the Scheduled Castes and Scheduled Tribes are punished. Even SC/ST community members cannot use this law to seek redress against atrocities committed against them by members of their own community.

This law violates Article 14 of the Constitution which guarantees every citizen that the laws shall apply equally to everyone. Lawmakers have also violated Article 35 while making a law that seeks to protect one section of India from others without providing constitutional remedies to the accused.

The implementation of this law has also been problematic. Sometimes the police have invoked this Act for civil issues, such as land disputes. Bail, particularly anticipatory bail, is usually not permitted in cases under this Act, even for relatively minor matters. Bail should be a matter of Constitutional right, except in the most extreme cases. As a result of all this, this law has merely worsened social relations between communities.

SBP is committed to halting the atrocities against Dalits, but the Atrocities Act is not the way to do that. Equal treatment under the law requires that an atrocity against any citizen be punished, not just an atrocity against an SC or ST individual. All serious offences listed in the Atrocities Act should be included in the Indian Penal Code after such a review, so that these crimes can apply to everyone, regardless of caste.

### **10.7.13 Strong animal protection laws**

We will review and strengthen existing laws for animal protection. Animals consumed as food should be killed in as painless a manner as the state of knowledge permits. International best practice currently requires stunning before killing large animals. We will make humane killing mandatory in all abattoirs, with transitional provisions for local butchers that currently use customary (often brutal) techniques. Punishment for repeated inhumane killing of animals can extend to jail. The laws will also apply to temples and other religious places, bringing an end to animal sacrifice that is not assisted by modern technology.

### **10.7.14 Making laws accessible and clear, thus supporting transparency**

#### **10.7.14.1 Language of the people to be used**

We will require the language of the people to be used in courts as far as ordinary civil and criminal matters are concerned.

#### **10.7.14.2 Definitions Act**

All legal definitions will be rationalised, stripped from existing legislation, and brought under a single Act. This will ensure consistency in the use of specific words in all legislation. All such terms will then be hyperlinked in electronic versions of the laws, so ordinary citizens can quickly identify their meaning.

#### **10.7.14.3 Indexation of fines, fees and penalties**

We will index fines, fees and penalties to the CPI. All such imposts will be converted into units, with the current unit values reflecting the changing value of the rupee.

As part of this process, fines, fees and penalties that are set at outdated levels will be increased to reflect the current value environment, based also on cost recovery principles (with costs set at an efficient level).



#### **10.7.14.4 Computerization of laws and jurisprudence**

Ready access to past judgements can help improve the quality of justice. In addition to computerization and publication of all relevant laws, all relevant jurisprudence will be digitised and published on the internet (making it fully searchable), to help improve the quality and speed of judgements. This would facilitate much shorter arguments and enable judgments to be expedited. More broadly, all modern technology will be actively used to support the justice system.

#### **10.7.14.5 Telecasting court proceedings on Constitutional matters**

Except where matters of state security are involved, the Supreme Court will be required to telecast court proceedings on any Constitutional matter free of cost on social media and any private TV channel that wishes to broadcast these proceedings, so the people of India can better understand the framework and structure of our Constitution.

#### **10.7.15 Repeal of redundant legislation**

A vast amount of irrelevant legislation remains on the Indian statute book. All laws, particularly pre-1947 laws will be reviewed for relevance and where found unnecessary, will be repealed within three years.

### **10.8 Consumer protection**

It is bad business to be deceitful. 'A habit of deceit is a mark of bad character, and bad character has a way of revealing itself no matter how cunning the individual. Deceit is both bad karma and bad business. Commerce [therefore] elevates manners and probity'. Information about a business's character spreads across the society through gossip, newspapers and electronic media, legal case law, or even information that consumers may pay, for such as Consumer Reports in the USA. Strong business competition is a driver of good behaviour.

However, there are cases where businesses cause a loss to buyers and either deny these losses, or ignore them, or themselves disappear. Such cases require specific action by the government. Where such losses are relatively minor, judicial remedy can be costly to everyone. We are committed to establishing a government led consumer protection agency that will deal with minor cases of misdemeanour by businesses and use persuasion and public shaming in cases of obvious damage. Where necessary, we will prosecute such businesses in the court of law on behalf of consumers.

We will also regulate the minimal contractual requirements for various services so companies do not use the 'fine print' to exclude themselves from liability where they must take responsibility.

# 11. Strong property rights, equality under the law, and defence of liberty

## 11.1 Well defined and firmly protected property rights

Property accrues through our actions (including our thoughts) and the actions of our well-wishers (including parents). All property is an appropriately attributed asset, regardless of whether it is a gift (including bequests) or earned. The system of justice, among other things, keeps track of property ownership.

Without recognition by the state of property rights, one cannot distinguish between a thief's 'property' and that of the rightful owner, thereby ending all prospects of trade, and hence of any civilisation. The role of the state in the free society is to precisely define the scope and extent of these rights, and how these are to be attributed and recognised.

We will define and strongly protect private property rights. In doing so, market and property rights-based solutions (such as mutually beneficial bargains suggested by the Coase theorem) will be applied in dealing with problems regarding pollution and other negative externalities. Patents will be strengthened and intellectual property rights enforced. (This will extend to sites accused of rampant copyright violation, e.g. torrent sites; once proven, and if feasible). Counterfeit goods will be weeded out. No progress can occur without enabling innovators to monetise their innovations.

In defining and clarifying property rights, we will seek to remove (or minimise) terms like 'licence', 'permit', 'approval', 'authorisation', and 'dispensation', that suggest that the government – our servant – owns our property and 'permits' us to use it, or to ply a trade or occupation – which is our fundamental right as a free citizen. (This will not apply to property owned by the government.) Where such requirements exist, they will be replaced, where possible, with a certificate of compliance.

### 11.1.1 Reinstating property rights as a fundamental right

In 1978 the right to property was abolished by the Janata Party as a fundamental right through the 44<sup>th</sup> constitutional amendment. Subject to our government receiving an adequate majority, we will fully reinstate this right, and make it even stronger.

### 11.1.2 Ensuring a land record system without corruption

The Indian real estate system (such as land transfer, mutation of land records, payment of stamp duty) is mired in corruption and black money. Almost all transactions are under-quoted: often a mere third (or less) of the value is declared. Therefore, only a small proportion of a land's market value is paid through cheque, the rest in cash – sometimes in hundreds of crores worth of cash. And there is another serious problem with the current system: *benami* ownership.

The real estate industry is not just a source of corruption: it has become a font of criminality. Where significant development potential exists, real estate mafia have emerged, in league with government ministers and officials.

The low declared value lowers:

- 1) stamp duty payable by the buyer. There is a floor, however, determined by buyers who want to launder their black money. They prefer a value 'high' enough to launder some of their black money, while low enough to avoid paying stamp duty. So someone with an official income of Rs.3 lakhs per year (and crores in black income) prefers to launder Rs.20 lakhs of his black money, not the true market value of Rs.1 crore – which would invite the attention of income tax authorities; and
- 2) capital gains tax for the seller.



The combination of these two incentives prevents people from operating honestly in the system. Even the honest get roped in, being forced to receive cash payment upon the sale of their property.

#### **11.1.2.1 Five pillars of a sound property rights system**

One of the key failures in the Indian governance system is the absence of a well-thought out property rights system. A sound system includes numerous components, with the most important of them being:

- i. independent surveyor and record-keeper of land ownership;
- ii. independent collector of stamp duty;
- iii. independent valuer of all lands;
- iv. independent private real estate agents, whose licence is conditional on ensuring integrity and probity; and
- v. (of course) market-based salaries (and contractual accountability at senior levels) of government functionaries.

Successful land systems are operational across the world where the true market value is always disclosed. We will give this reform top-priority and move to this system within three years, thereby entirely eliminating black money and corruption in the real estate system. The first of these reforms is outlined below.

#### **11.1.2.2 Independent record-keeper of land ownership**

Successive State governments in India have failed to regularly update land records. Land revenue has fallen away into insignificance, so even the cost of running the land records system is not cost-recovered, which adds to the neglect and creates incentives and opportunities for corruption (people are known to pay bribes to even get their land revenue receipts).

A key problem with the system is the identification of land. Cadastral surveys, that identify the location, coordinates, owners and other details of land, are based on traverses starting and closing from a village tri junction. However, this system is not linked to any national reference system. Land parcels, therefore, cannot be located easily on the earth's surface, leading to encroachments and litigation, and enormous suffering to land owners. Land disputes languish in courts for years. The National Land Records Modernization Programme needs a comprehensive review.

In particular, we will create a national organisation charged with directly maintaining land records and titles (a task to be removed from the purview of the States), including location, coordinates, owners and other details. Surveys (including by the use of digital technology such as GIS, aerial photography, GPS, etc.) will be conducted on a regular basis. We will also move to a Torrens title system of land registration from the current deed system. We therefore support the Land Title Bill.

Such a land records system will allow conclusive titles to be issued, make land acquisition easier, allow land owners to provide collateral for credit, support environmental management, and allow the States and local governments to impose appropriate land and property taxes (through separate, independently operated systems).

#### **11.1.3 Dealing with encroachment on public land, particularly slums**

A significant part of the slum problem arises from our tenancy laws and zoning restrictions. Both tenancy laws and zoning restrictions need to go. At the same time, enforcing property rights is important. It is not desirable to give away public land to those who encroach it, as it merely encourages further encroachment.

A simple solution is to not have any surplus government land in or around cities. By auctioning these away, governments can raise revenues and also prevent the development of new slums by harnessing the incentives of private owners to protect their land, and through increased supply of land for housing, thereby lowering land prices.

As regards existing slums, we will auction (public) slum land after appropriate zoning for residential use, with a contractual requirement that buyers (developers) temporarily resettle the displaced registered slum residents – appropriately identified through Aadhaar – and sell at building cost price (plus market value of land) a proportion of the new apartments to them for personal use. By ensuring a rolling system to build on such land, relatively few slum dwellers will be displaced during a given year, allowing this program – over the course of five years or so – to significantly recover value from public (slum) land.

#### **11.1.4 Land to be acquired only under extremely limited circumstances**

Eminent domain gives the state the coercive right to abrogate or seize private property. This was intended originally for use in rare cases, mainly to acquire land for public infrastructure, with due compensation. However, as a result of the abolition of the fundamental right to property, we have seen the state seize land to provide it to private parties.

We will enact laws to drastically limit land acquisition by government to matters that clearly affect the wider community (such as public infrastructure or defence). Land in such cases should, in the first instance, be acquired through voluntary consent by offering prices higher than the market. Options should be available to any poor person whose land is being acquired to receive annuities instead of a lump-sum. Where the public interest involved is not wide-ranging, however, local governments will be required to verify the nature of the public interest through public consultation, including possibly through a local referendum. The whole process should, however, not take more than six months.

The current method to determine compensation ('amount'), based necessarily on figures derived from nearby registered sales, is flawed since sale prices are significantly under-reported. We will consider innovative ways of proper valuation by applying experimental economics literature and modelling.

Compensation at current market value doesn't, however, compensate the person whose land is acquired for the inconvenience of moving to another place, and loss of social networks. It also does not compensate for windfall gains that would have accrued to such land owner had his property not been the one to be acquired. Thus, a neighbouring land owner adjacent to the new road (say) being built receives windfall gains. Sharing a part of the benefits of such new infrastructure with those whose property is acquired must therefore form part of the compensation package. For example, if a net present value of Rs. 10 is created from new infrastructure, then up to Rs. 5 could be shared with those whose land is forcibly acquired, either as one-off payment or long-term annuity.

#### **11.1.5 Prohibition on grants of public land to private entities and organisations**

Governments in India have often given land grants to private individuals or organisations, particularly to influential religious gurus. All charitable organisations already receive significant taxpayer support through the tax laws. Anything beyond such general support is inconsistent with trusteeship of public property. We will enact a law to ensure that government land is never gifted to any individual or group of individuals, but sold at full market price. An exception will, however, be made for educational institutions such as universities. However, such universities cannot be affiliated to any religious organisation or guru, and cannot be for-profit organisations. Any land so granted cannot be used for any purpose other than education, and in the event of closure of the university will revert to the state.

#### **11.1.6 Review and repeal of rent control and tenancy laws**

Rent control laws dampen investment in rental property, thereby reducing new construction activity and harming India's growth. Due to the inevitable incentives arising from such distortionary laws, many landlords do not repair their properties, while tenants (who pay almost nothing as rent) spend large sums to maintain these properties.

We will review the rent control and tenancy laws to ensure that ownership rights do not pass on to tenants under any circumstances. Subject to further analysis, we will allow landlords to compensate tenants for the present value of any repair costs they may have incurred over and above the present value of the market rent they would have otherwise paid (based on reasonable evidence), following



which the tenancy can be dissolved and/or reset at market rate. In general, we intend, subject to further analysis and consultation with stakeholders, that rent controls be repealed across India.

## 11.2 Equal treatment of all

Equal treatment of all citizens is a minimum expectation from the government, and applies equally to any activity funded by taxpayers. Merit is the main legitimate basis for appointing someone to a public office. Nationality, age limit, security clearance, or physical fitness might be required in certain cases. But all other grounds are irrelevant and must be taken out of the equation. Such grounds include:

gender identity; religious belief or activity; caste; political belief or activity; carer and parental status; disability (including physical, sensory and intellectual disability, work related injury, medical conditions, and mental, psychological and learning disabilities); lawful sexual activity and sexual orientation; marital status; physical features; pregnancy and breastfeeding; race (including colour, ethnicity and ethnic origin); or personal association with someone who has, or is assumed to have, one of these personal characteristics.

Unfortunately, certain short-term decisions inconsistent with the basic requirement to treat everyone equally were made early in independent India's history (e.g. to create separate laws for Hindus and Muslims). Such actions amount to official discrimination.

We will bring an end to all forms of official discrimination amongst the people of India.

## 11.3 Defending freedom in every possible way

The prevalence of freedom facilitates the expansion of civil society and social capital and delivers not only prosperity but also social mobility, thus reducing (if not eliminating) discrimination based on prejudices of religion, caste and other real or perceived differences. Freedom helps create an inclusive society and adds to social cohesion, reducing misunderstandings amongst people. A good government – created purely for the defence of freedom – constantly monitors freedom. The Freedom Department will be responsible for monitoring and coordinating the increase in liberty in all areas of life in India. Some examples of freedoms we will promote are outlined in this section.

### 11.3.1 Rights of women, children and systematically oppressed groups

We are deeply concerned that an estimated 14 lakh people in India are held in slavery, including sex slavery. In addition, over 15,000 girls are abducted each year (most of them for the sex industry). This calls for very stringent action.

We will significantly strengthen the fight against all forms of slavery (and trafficking) and enhance protections of women, children and oppressed groups.

Prosecution and punishment for crimes against these groups will be significantly increased through a building a much better police and justice system. For some such cases we will ensure in-camera proceedings, as appropriate.

We will also review laws on pornography and obscenity for consistency with freedom of expression, to ensure everyone is clear about any necessary limits (such as on child pornography). In particular, we will create an active prosecution system against child pornography, it being closely linked to human trafficking.

### 11.3.2 Privacy

Individuals have the right (and obligation) to choose the way their data is used by private parties. They have the right, also, to voluntarily renounce their privacy to such private parties, after due consideration of the implications of such action. To the extent privacy involves two private parties, the government has no role except to ensure that people are informed and able to make their choices.

There are many additional protections needed against the invasion of privacy by government. People have a right to be secure in their houses, papers and effects against unreasonable searches and seizures from government. We don't support a Big Brother government. Although a government has to undertake functions of security, this should be done with minimal violation of privacy. Any tradeoffs between privacy and security are only relevant in extremely high risk environments.

We will legislate to prevent any unwarranted governmental intrusion and surveillance through aerial or other means (including CCTV cameras). Surveillance can sometimes become necessary in public places (including in some private workplaces). Private entities can establish CCTV cameras in their private premises for personal security. The government should have the right (through judicial authorisation) to seek such footage where a crime may have been conducted. The state also has the right to secure its own property with CCTV where appropriate.

Further, the police should be able carry out video surveillance of high risk events such as demonstrations, so that any miscreants can be readily identified. And to ensure that the police are accountable, they should wear functional bodycams in their interactions with the public. Such footage should not be public property and only used where there are reasons to believe the police might have failed in their duties.

Any government agency which collects data (all government data is collected coercively) must ensure that such data is kept entirely private. We will strengthen privacy laws relating to the storage and use of an individual's data by the government. Personal data shared by individuals on the internet (e.g. posts on Facebook) will be protected from any government snooping unless there is a legal necessity to prevent or resolve a crime.

### **11.3.3 Census**

We will strengthen the Census machinery to allow a census to be conducted every five years, which would allow city planners and the private sector that serves the needs of the people to better target and plan their activities. The data collected, however, will not include any personal characteristics such as religion or caste. More broadly, no government correspondence or form will list or seek anyone's religion or caste. We will legislate to make clear that a government has no business to poke its nose into people's religion or caste, if necessary through a Constitutional amendment.

Such data is also invariably used to divide the society, not to promote inclusion. Private organisations may conduct any sample surveys on such matters if they so wish, but the government has no role in this matter. We condemn the Caste Census undertaken by the Government of India and will ensure that all such records are permanently destroyed.



## 12. India as a land of free enterprise

Anti-business governments have shackled India since independence. Even though the licence raj has slightly backed off, there is no way for entrepreneurs to succeed in India without bribing tens of corrupt government agencies and, often, corrupt Ministers. Further, successive governments in India, by imposing unnecessary rules, have blocked enterprising Indians from working and made India one of the world's worst places to do business. But India is a land of entrepreneurship and *jugaad*. Only by unleashing the entrepreneur can India hope to become an innovative and prosperous nation.

### 12.1 First step: Getting the government out of business

A government has no business to be in business. It should not produce shirts, fly airplanes or run public sector undertakings (PSUs). The poor man can't enter Ashoka Hotel or an Air India jet, but has to pay for the losses these undertakings make. The poor man also pays for the import of coal because Coal India, due to its colossal inefficiency, sits on the world's third largest coal reserves, but has made India the largest coal importer in the world.

While it is true that a (very) few PSUs have been generating greater than market return, due to a level of autonomy afforded to them, there is no justification for government to engage in any business, regardless of profitability.

We will bring to a halt all commercial or production roles of government, since the people can undertake all such activities. Privatisation will be at the centre of a programme to reclaim territory for Indian freedom. PSUs that operate hotels (e.g. Ashoka), telecommunications, media (television, radio, print, e.g. Doordarshan), metal production and associated industries, power generation and distribution, automobiles, cement industry, banking, insurance, travel (e.g. Indian Railways, Air India), fertilizer production, mining (e.g. Coal India), distribution of food, domestic and international trade, and tourism will be sold off in the marketplace. Large parts of defence production will be also privatised under regulatory control.

We disagree, however, with disinvestment methods that involve secret deals. Past disinvestments have been used by politicians to loot India's wealth, instead of achieving fair market price. We will create transparent and arms-length methods using auction design principles to maximise the sale price of government businesses to the people of India.

### 12.2 Well-regulated free markets

Successive governments in India have supported state-protected public and private monopolies and created crony capitalism, instead of a level playing field that enhances competition and productivity. The government should only establish and maintain rules for the functioning of competitive markets, enforce contracts, and regulate against fraud. It should be a neutral umpire of the market.

Markets are a process, a platform where citizens voluntarily bargain, trade and barter. Markets help determine the economic worth (to society) of the services and goods we may produce. Through such voluntary trade, no person is made worse off, while almost everyone is made better off (else trade will not occur), thus creating new wealth. Incentives for high quality, low cost production are inherent in a competitive market.

The best way for Indian industry to become globally competitive is by exposing it to ruthless international competition. We must grow by facing the competitive world, not by hiding behind false shelters created by the government. India has a long history of competitiveness and is well placed geographically to access the rapidly growing Asian market. Our businesses must rise to the challenge.

Indeed, Indian businesses which operate in world markets have learned to be competitive. However, businesses which operate predominantly in the domestic market have massive cost inefficiencies and are uncompetitive in the face of imports, due to government and union control and restrictive work practices. These businesses need to lift their game.

A few of the policies we will implement to create well-regulated free markets are outlined below.

### **12.2.1 Unilateral free trade and removal of red tape**

We will remove all unnecessary controls on production, trade and business. The infant industry argument is no excuse to shelter businesses, nearly seven decades after independence. Without facing global competition, Indians cannot become world-beaters. We will comprehensively liberalise trade and seek to abolish remaining import restrictions including any remaining customs duties and the negative (restricted) list. We will, in essence, introduce unilateral free trade. The medium and long term benefits of such a decision outweigh any short term losses incurred by terminally inefficient businesses.

### **12.2.2 Regulation for competition, not against business size**

Monopolies are almost invariably created by a government mandate that reduces competition. By allowing unfettered entry into most markets and focusing on competition, we will minimise government-created monopolies.

We will also empower an economic regulator to reduce barriers to entry and incentives for monopoly in areas where direct competition poses a challenge (such as with railways, energy transmission or water distribution). The regulatory laws will, however, be carefully crafted, to avoid any focus on business size or diversification. We disagree in principle, for instance, with regulatory options that do not permit newspaper owners to own TV channels, or ordinary private companies to own banks. We believe that the more the variety of competitive tension in an economy, subject to disclosure, transparency and accountability, the better are the outcomes for consumers.

### **12.2.3 Single window approvals**

Apart from significant reduction in licencing (discussed elsewhere) we will streamline approval/compliance certification processes and establish a single window to facilitate an enabling business environment.

### **12.2.4 Deregulation and decontrol of prices**

Traders often get a bad rap when prices rise. This may well be deserved in a few cases, but in the vast majority of cases, higher prices for an extended duration are usually the consequence of bad policies that restrict market forces.

It is extremely difficult for governments to collate the detailed information necessary for the determination of an appropriate price (this is also a challenge for regulators in monopolistic industries like railways or water, where they need to take recourse to a range of carefully crafted approach to determine true costs). As a general rule, we will scrap most government-administered prices and let prices be determined by the forces of supply and demand. Prices of petrol and diesel come to mind as examples, but even gas, water and electricity need to be determined by the market, subject to scrutiny by regulators of the marginal costs. This also applies to interest rates, which are the price for the use of money. As indicated elsewhere, we will move towards full determination of interest rates through market competition between borrowers and lenders.

Maximum retail prices (MRP) are an imposition on the free market and prevent price discrimination, which is part of competitive pricing and tends to benefit the poorest the most by ensuring availability of products in all corners of the country. Removing MRP will see prices rise in up-market supermarkets but fall for the middle class. Prices in rural areas and small towns will take into account the smaller market size and distance involved. While producers will be free to state an MRP, this will no longer be mandatory.



As elsewhere indicated, an exception will be made initially for agricultural prices, which will then be incrementally deregulated after ensuring anti-poverty and crop insurance systems are fully functional.

### **12.2.5 Open Foreign Direct Investment (FDI) – without exceptions**

We believe in the capacity of Indians as a nation to deal with economic and political challenges. The fear that many Indians have of FDI echoes their fears of a repeat of the East India Company's take over of India. But India is stronger today by an order of magnitude in comparison with condition prevailing in the dying era of the Mughal Empire. We do not fear FDI. We welcome it.

We will eliminate all restrictions on FDI, without exception. This will include the ability of foreign investors to purchase land, including agricultural land in India. India can only benefit from the cross-fertilisation of ideas that this will represent. The best technologies of the world will gladly come to serve our needs, instead of our having to buy them at great cost.

### **12.2.6 Free labour markets (with regulated collective bargaining)**

We are the party of every citizen, including of all workers. It is workers who, through their diligence and innovation, make India a country with grit, competence and ambition. Unfortunately, India's 51 central and 170 state labour statutes, some of which pre-date independence, make it hard for firms with more than a handful of staff, to fire people. Our current labour laws are built for a system with lifetime jobs; thereby companies avoid hiring permanent workers. Nearly 90 per cent of our workers have ended up in the informal labour market. These laws also impede new investment, particularly in labour-intensive industries, and motivate firms to remain small<sup>6</sup> – or worse, to undertake financial jugglery and corruption, for instance, by artificially breaking up a single firm into multiple companies.

A free market for labour (where employers can hire and fire, and freely exit the industry) is the best way to grow jobs and the economy. Such flexibility will give employers the confidence to take risks, add staff and increase production in response to market demand. To support labour market flexibility, we need to protect any laid off workers with a safety net – which we will provide through the social minimum (negative income tax).

Reforming labour laws to create a flexible labour market is a matter of utmost priority for India. We will modernise all labour laws and combine them suitably into two laws: occupational health and safety and industrial relations. Draconian laws such as the *Essential Services Maintenance Act* will be subsumed into the industrial relations laws, after reviewing the need for any draconian provisions. We will also replace the mandatory minimum wage for industry with a low 'desirable' minimum wage (this will, however, be mandatory for government programmes).

The skilled and semi-skilled youth of India will benefit the most through these reforms.

#### **12.2.6.1 Collective bargaining**

Working conditions of workers have advanced through the centuries through market innovation, competition, advances in technology, and the fight by classical liberals for health and safety policies, rather than through union activity. While workers must retain the right to bargain collectively, unions do not have a right to force workers of a factory to join them or impose unreasonable requirements during enterprise bargains. We will expect an independent industrial relations regulator to come down heavily on any industry-wide or nation-wide attempts by unions to force wage conditions through undue use of monopolistic power.

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<sup>6</sup> <http://www.economist.com/news/briefing/21577373-india-will-soon-have-fifth-worlds-working-age-population-it-urgently-needs-provide>

### **12.2.7 Standardization and quality control**

As umpire of the economic system, a government may have a role in co-regulating some measurements (weights and measures) and industry standards. We will work with industry standards bodies (national and international) to support standards that promote growth, without restricting innovative new approaches. For instance, standards for electric switches and outlets need to be radically improved in India, as these are often ill-designed and ill-fitting, imposing needless costs and safety risks on the community.

## **12.3 No industry, innovation, or small business policy**

We do not intend to have a specific innovation or industry policy, which is a euphemism for subsidies for industry and lobbying by industry associations for exemptions and shelter from competition. We believe that most monopolies are created through government regulation that creates barriers to entry, and therefore we would not support any unnecessary restrictions on entry into business. Anti-trust laws, in general, are particularly heinous in their effects on competition and we would resort to such laws only where absolutely justified.

Opportunities for lasting employment in all sectors of industry are best created through continuous tension between the forces of supply and demand. A government has no capacity, nor any reason, to pick winners among various options for industry development. To the extent that broad rules are ensured by the government, industry will advance at its optimal pace by catering to market demand.

### **12.3.1 Abolition of reservations for small-scale industries**

This also means that we will not have any regulatory exemptions based on business size. We will end all reservations for small-scale industries within three years and abolish subsidised programmes such as for khadi industries. The health and safety of workers is important equally for big and for the smaller industries, so also labour laws that assure minimal work conditions should apply uniformly regardless of business size. We will abolish the *Micro, Small and Medium Enterprises Development Act* to allow all businesses to compete on the same footing, thus enabling the most efficient businesses to flourish.

## **12.4 Development of supporting markets**

### **12.4.1 Financial and capital markets**

A government should help establish well-regulated markets. As alluded to earlier, we intend to support well-regulated forward, futures and derivatives markets for efficient management of risk. We will also endeavour to integrate the modern and traditional systems of Indian finance (such as *hundis*). Our traditional systems of finance, which operated through trust, were effective in ensuring commerce across vast distances. There is a place for trust-based systems even today, although the regulatory regime for such systems would need to be carefully reviewed.

We will enhance the transparency and accountability of listed companies and capital market intermediaries so that small investors are given the confidence needed to return to the capital market. By enabling the financial markets to create a variety of risk-bearing investments, the working capital and other credit needs of businesses, including in the small business sector, will be facilitated.

### **12.4.2 Insurance markets**

We will encourage all categories of private insurance, subject to prudential regulation. All limits on FDI in insurance will be removed.

## **12.5 Environmental justice and natural resources**

India is a land of extraordinarily beautiful landscapes. From lush tropical jungles and islands, austere deserts, huge rivers and deltas, to some of the world's highest snow-capped peaks, there is little the



Indian sub-continent does not have to offer. Our environment is one of our most precious assets, to be used and appropriately preserved for posterity.

But this is not necessarily a task for the government to directly manage (instead, there is a clear role for regulation). People best protect what belongs to them. This also applies to natural resources. There is no reason why the government should directly manage natural resources and the environment. The worst instances of environmental abuse usually occur under direct government control. Encroachment on government-managed habitats is the most common cause of animal and plant species becoming endangered. Our forests have been looted with the connivance of those charged by the taxpayer with preserving them. And our rivers, managed by governments, are dirty and dying. Private allocation of environmentally sensitive assets is the only sensible and proven way to ensure their conscientious stewardship and preservation.

The preservation of the environment is facilitated by strong economic growth. The poorest (or rather, primitive) and wealthier countries tend to have a clean environment. Rich nations have better governance systems and can pay for high quality regulation of the environment. We believe that the best technology must be used (often capital-intensive), while monitoring any ill-effects. Pushing the clock back to older technologies is not the answer. The most powerful environmental policy is liberty.

### **12.5.1 Allocation of property rights to natural resources**

Private owners of a resource directly bear the cost of their actions, while also benefitting from the resource, hence have an incentive to preserve (or extend the life of) the resource. One of the key reforms in environmental protection will be through well-defined rights to allow resources to be optimally harvested or used, even as key characteristics are preserved.

In recent years, the sale of government-controlled natural resources has become the new frontier of crony capitalism and corruption. We will ensure that the process of allocation of natural resources to the private sector is competent and transparent.

#### **12.5.1.1 Converting national parks into regulated private spaces**

We will amend our flora and fauna laws to create private property rights (e.g. through long term lease) in forests under regulatory control. All national and state parks will be leased on long-term basis, in a phased manner (starting with the less environmentally sensitive ones), with regulatory requirements to preserve indigenous flora and fauna and protect the traditional rights of indigenous forest dwellers. This will allow private parties to develop part of the parks for appropriate tourism and also allow private enterprise for the husbandry of specified wild animals.

This approach will create thousands of jobs, as forests are put to more valuable use, even as they are preserved through scientific approaches to impeccable sustainability standards.

#### **12.5.1.2 Regulated commercial harvesting and other uses of endangered species**

An ordinary example of a property rights-based solution is a tradable quota (Individual Transferable Quota) that vests ownership of a certain quantity of natural resources to the highest bidder: for example, the right to catch and market a quantum of fish. The quota, calculated scientifically, ensures optimal harvesting, even as the quota owner has can either harvest directly or sell the quota to a more efficient harvester. This ensures that a large fishery is harvested in a sustainable manner.

With endangered wildlife, the use of property rights is far more urgent. Wildlife gets endangered in two ways. One, if an animal is not of any 'use' to mankind. The other, when commercial demand for an animal product (e.g. crocodile/snake skin, rhino horn, ivory) is not being met through the open market. It is a very bad solution to ban these products. Instead, it is necessary to create regulated systems that allow appropriate levels of harvesting under *strict* regulatory oversight in suitable habitats and appropriate conditions (while also requiring habitat preservation). Market-based supply of such well-regulated and certified products will help eliminate poaching in preserved habitats (where no harvesting is permitted) and ensure the preservation of critically endangered species, while also creating numerous jobs and advancing scientific research.

### **12.5.1.3 Mines and minerals**

General property rights relate to the surface of land. What lies above (i.e. air, space, electromagnetic spectrum) and below (i.e. minerals, water) belongs to the entire country. To ensure that these resources do not become the private property of any single individual, we will put in place allocation mechanisms that generate revenues for the Consolidated Fund through an appropriate combination of fee (for prospecting) and royalties.

A key allocation principle is the market transferability of licences, with licence duration determined according to world best practice for each category. Auctions would be considered where there is high level of certainty about a resource. We will aim to reduce uncertainty about a resource by commissioning ongoing professional mapping of resources with information published in the public domain.

Longer-term perspectives that foster development of healthy, competitive industries (e.g. coal/ gas/ telecom) while ensuring the rights of existing (including traditional) land owners need to be factored into the licensing process.

India's land mass has much in common with Western Australia, which is rich in a range of minerals. By creating the right incentives we will motivate significant investment in exploration and extraction of mines and minerals, creating a vast number of jobs and reducing the need for mineral imports.

### **12.5.1.4 Underground water**

Underground water resources need to be regulated by the state. We will support the latest technologies to monitor such use, and introduce market-based mechanisms to allocate such water. Appropriate private property models will be applied to underground water and other common pool resources, creating the right incentives to sustain our finite but renewable natural resources.

## **12.5.2 Strong regulatory regime**

In addition to the regulatory measures outlined above, we will significantly upgrade India's environmental protection regime through a risk-based system. Sustainability and ecological impact analysis will be strengthened as part of assessment of infrastructure and industrial projects, with significant penalties for violations of mandated requirements. In some cases, stringent standards (e.g. for emission) will be established that force industry to innovate. 'As a matter of right' power to build will be allowed in most cases subject to compliance with the law (i.e. industries will be able to proceed to build without 'licensing', so long as they demonstrate compliance). Where any assessment requires a hold-up of the project, strict time limits will be imposed on such hold-ups.

The burden of environmental regulation needs to be streamlined, since cumulatively, such regulations could be imposing a net loss to society. We will require that cumulative burdens of new environmental regulation be assessed, and licencing be replaced with compliance certificate approach, to reduce delay costs.

Some specific environmental policies are outlined below.

### **12.5.2.1 Cost of cleanups recovered from polluters**

To the extent that polluters can be individually identified, any clean-up costs (such as for toxic spills by ships) will be recovered from them directly. Deterrent penalties, including imprisonment, would apply in extreme cases.

### **12.5.2.2 Pigovian taxes for general pollution**

Where polluters cannot be individually identified, Pigovian taxes will be imposed on proximal activities. Well-tested market-based solutions, such as trading of permits within limits to pollute, will be used to create incentives to reduce pollution. Funds raised from Pigovian taxes will never exceed the actual social costs imposed, and all such funds will be deployed purely to meet the costs of clean up.

### **12.5.2.3 Last resort direct management by government**

After privatising (leasing) public land and water under regulatory control, there may still remain pockets of land and water that require direct management by government for *in situ* conservation of biodiversity.



These pockets will necessarily be very small and manageable. Where doing so is absolutely unavoidable, competitively tendered expert organisations would be funded (not the bureaucracy) to directly manage such pockets and deliver measurable results.

## 12.6 Examples of free enterprise

In addition to the specific industries discussed earlier, a few other industries are illustratively discussed below, with general principles of freedom of enterprise applicable to all sectors of the economy.

### 12.6.1 Information technology sector

The information technology sector (cabling and uplinking, consumer electronics and semiconductor industries, communication satellites, internet telephony, etc.) will be fully thrown open to the private sector. Heavy license fees and the practice of earmarking of territories for companies (where such allocations are made by the government) will be scrapped.

### 12.6.2 Housing industry

Some estimates of housing shortage in India are in the range of 20 million homes, or more. While home ownership is important, it is best fostered through private enterprise and consequent economic growth. The policies we have outlined elsewhere, including professionalization of local government and land records, will therefore allow people to purchase their own homes through a more flexible zoning system, and secure land rights. We expect housing to quickly become the largest jobs generating industry in India.

### 12.6.3 Getting the sex industry out of the hands of the mafia

The current system of regulation of the sex industry in India is illiberal and seriously outdated. This has created significant risk of HIV and other disease. It also supports the vicious crime of human trafficking, attracts criminals and the mafia, and promotes anti-social collusion between corrupt officials, police and politicians.

India was once a world leader and innovator of sex industry regulation, as detailed in Chanakya's *Arthashastra*. The entire society needs to move forward from the age of hypocrisy and underworld support for criminality, to an ethical and well regulated system. Only by recognizing, taxing, regulating, monitoring and providing healthcare for people stuck in this profession can those forced to enter this trade be rescued, while voluntary practitioners (and their children) are simultaneously protected. Without a proactive regulatory approach the criminal mess we see today will continue – in which police and racketeers (and, sometimes even some religious institutions) mint money from this occupation.

We will review sex industry regulation and create laws to achieve the key objectives of personal and public safety, prevention of human trafficking, prevention of disease and preservation of social decency, without forcing the industry (which is reputedly the world's oldest profession) underground. This review would include consideration both of sex work and the production and distribution of associated (pornographic) literature, which will be tested on the touchstone of freedom of speech.

As a general principle, any prohibitions will be lifted so this sector of the economy is better monitored, allowing responsive policies to be innovated. Through this approach, decorum, peace and decency will be ensured even as significant revenues are generated through licensing/ compliance certification.

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Free enterprise in agriculture and tertiary education are discussed in the following chapters.

## 13. Free enterprise in agriculture

Farmers, some of our most skilled citizens, are continuously held back by a regime that restricts their freedom of action through barriers to accessing technology, bans on exports and on alleged 'dumping' from abroad, and through restrictions on the movement, storage and processing of agricultural commodities. Coercively low agricultural prices (often irrationally volatile) have impoverished farmers, resulting in rural poverty, indebtedness and unemployment. While food security is a major issue for India, shackling farmers is *not* the solution.

We are blessed with the world's largest irrigated area and some of the most fertile land. India can, by unshackling agriculture, supply not only its domestic needs comfortably, but also meet the growing demands of China and Africa. Sadly, existing policies distort farm incentives, leading to low and volatile agricultural productivity. Our policies have led to decelerating productivity growth of farm inputs, excessive ground water withdrawal, poor soil fertility, insufficient use of farm-yard manure, rapidly declining agro-biodiversity and insufficient use of modern technology. These restrictions result in a net negative subsidy for the farm sector (a drain from farmers to urban dwellers). (The Aggregate Measurement of Support (AMS) has been negative on numerous occasions in the previous years.)

But even subsidies intended to alleviate the negative effects of various restrictive policies do more harm than good, since:

- most subsidies end up in the pockets of the rich, e.g. companies that produce fertilisers, particularly urea; and politicians and bureaucrats involved in their approval and distribution. Subsidised fertiliser prices have prompted Indian fertiliser being smuggled to neighbouring countries, thus transferring Indian taxpayer funds to foreign countries;
- instead of creating incentives to use water-saving technologies such as drip irrigation and water harvesting, subsidised power leads to excessive groundwater use, risking our future food security. Crop production has shifted significantly towards water-hungry crops. While *bajra* and maize used to be extensively grown in north India, water hungry wheat and rice have now become the main crops;
- citizens ultimately pay for these subsidies, since government does not produce wealth; and
- the subsidies contribute to inflation through deficit financing. This erodes the value of the rupee, even of the farmers.

As a result of such policies, farmers are now heavily indebted and agriculture has become a losing vocation. Farmers are prematurely leaving the farm. But we need orderly structural change, not the massive structural shifts currently being experienced. At times, the consequences of these policies have been even direr, with high rates of farmer suicide.

### 13.1 Inadequacy of M.S. Swaminathan's recommendations

We have reviewed the recommendations of the National Farm Commission under the chairmanship of Dr. M. S. Swaminathan and have significant concerns about many of them. Most of its recommendations will increase farmer dependence on subsidies and create new bureaucratic programmes, instead of liberating agriculture. The report does not represent the fundamental shift in thinking or policy direction that is urgently needed. We believe the goals the report seeks to achieve can be best delivered through a suite of market-based reforms, outlined below.

### 13.2 A market based agriculture policy

We will honour farmers by liberating them from shackles imposed by the government, and letting them compete in the open market. We will get the government out of agriculture almost entirely. We will remove all restrictions on the production, movement, and pricing of agricultural inputs; as well as restrictions on post-harvest treatment, including on marketing and exports. We will streamline regulation



for the conservation of environment (e.g. water table and biodiversity) and the regulation of logistics, crop insurance and other support industries. Such market-based reforms will ensure that hundreds of millions of farmers get a new lease of life, with major innovation in the sector supported by large-scale private investments in logistics chains and crop insurance.

Some details are outlined below.

### 13.2.1 Freedom to produce and trade

We will ensure untrammelled farmer access to relevant markets and technologies, through open free trade. All unnecessary regulatory restrictions on the farm sector will be removed, such as rules about a minimum distance between farm and mills.

The market offers in-built incentives for productivity and innovation. The free market looks ahead (e.g. futures markets) and stores food for emergencies. Any potential seasonal shortfall is best met by the free market through timely imports. Access to the global food market will allow both food exports and imports, putting competitive pressures for increased efficiency and innovation.

Having free trade is particularly important to farmers. Mill-owning lobbies often bribe politicians to block exports. This leads to a 'switch on, switch off' export policy which harms farmer, prevents long term planning, and brings India into disrepute. Indian agricultural businesses should survive under open competition, not through lobbying.

These reforms will allow farmers to re-prioritise to more valuable produce. One of the great opportunities in agriculture today is in China, with its increased appetite for meat. While we will regulate meat processing for humane animal slaughter and hygiene, flexibility in production options is crucial if farmers are to raise their standard of living. Through shifts to high value production, Indian farm prosperity will significantly increase, even as the sector undergoes rapid restructuring, with many farmers choosing to re-skill and move to the cities.

### 13.2.2 Strong property rights for farmers

Over and above our emphasis on a strong and corruption-free land records management system, we are committed to free entry and exit in the agricultural sector. Two key policies in this regard are:

1) **Conversion of land use**, particularly conversion of agricultural land to non-agricultural use, is the biggest barrier to a fair land market for farmers. While urbanisation is best undertaken on infertile land, restricting change in use of agricultural land is not the way to achieve either food security or better urbanisation. It is fundamentally wrong to take away the right of farmers to sell their major asset at market value.

Only markets can determine the best use of a parcel of land. We will give farmers the right to dispose their land to anyone at any price without any zoning restrictions. The only restrictions will relate to the building permit/ compliance certificate requirements, depending on the size and type of construction. The rapidly increasing productivity of the farm sector will easily offset any loss of agricultural land through this process.

Private companies that wish to buy farmers' land could give shares in their company to farmers (in addition to market value of the land) so the farmers can share in the future prosperity created by the company.

2) **Ceilings on land**, that prevent a person from owning large parcels of land, are inconsistent with property rights and lead to enormous corruption and deceptive practices. All land ceiling laws will be repealed by removing the shelter provided to such laws through Schedule 9 of the Constitution.

3) In addition, we will facilitate private land exchanges to be established that support voluntary **consolidation of land**. Such exchanges will significantly reduce barriers to productivity. We will, however,

also strongly preserve any existing *gochar* land (grazing land) in villages, and punish anyone who occupies the land illegally.

### **13.2.3 Ending MSP, with total price deregulation in three years**

The minimum support price (MSP) system has been a disaster. It has destroyed the entrepreneurial dynamism of the Indian farmer and, along with the system of agricultural subsidies, distorted farmers' incentives and encouraged rice crops in water-scarce Punjab. We will create a well-regulated agriculture market, without any regulation of prices. As market signals freely transmit to farmers, they will seek the most competitive crops.

As a transitional strategy, we will retain a floor price in a few selected cases during a phase-out period of around three years. We expect the quick emergence of a robust futures market, where farmers can pass some of their price risk to market traders.

### **13.2.4 Phasing out all agricultural subsidies and unnecessary interventions**

We will phase out all agricultural subsidies, including irrigation (water) and electricity subsidies. In addition, we will phase out unnecessary interventions, such as the Food Corporation of India (FCI) and substitute it by well-regulated, market-based private marketing and warehousing networks.

Finally, as soon as the anti-poverty NIT-type programme has been rolled out, the public distribution system (PDS) supported by compulsory procurement will be repealed.

### **13.2.5 Phasing out government loans**

No new loans will be issued by the government (or supported by the government) to the agriculture sector. Instead, a well-regulated private loan markets will be encouraged. This will be embedded into legislation.

As regards existing loans, we will impose a moratorium on any coercive recoveries from farmers. Instead, we will sell these loans to the private market, with conditionalities on how these loans are to be recovered. No loan will be waived.

### **13.2.6 A modern regulatory regime for agriculture**

#### **13.2.6.1 Abolition of Agricultural Produce Marketing Committees (APMCs)**

APMCs function as wholesaler cartels in mandis. Some reforms have been initiated by the Modi Government. We will complete these reforms and abolish APMCs entirely.

Opening the markets will allow traders and farmers to buy and sell freely, and help make India a national market. We expect FDI in retail, and the private sector more generally, to set up cold chains to maximise the value of farm produce. Large retailers, for example, will directly purchase produce from farmers to minimise perishable goods losses.

#### **13.2.6.2 Strong regulation of pesticides and fertilizer use**

Excessive use of pesticides is harmful to humans and wildlife. We will significantly strengthen the regulation of pesticides to ensure that only the right quantities of pesticides are applied to crops, in accordance with international best practice. This may increase the regulatory burden, but would be offset by the benefit of reduced prevalence of cancer and other avoidable diseases.

#### **13.2.6.3 Repeal of the Essential Commodities Act**

The *Essential Commodities Act* is a draconian law that interferes with free movement and trade of food products across India. We believe there is no occasion for a government to interfere in the so-called 'food black-market' or 'hoarding' of food. The market will find a way out to attract sufficient food products, if left alone. This law will be repealed in its entirety.



#### 13.2.6.4 Regulatory regime for genetically modified crops

We will take an evidence-based and strong regulatory approach to genetically modified organisms (GMO). There is, today, a misguided movement to prevent India from benefitting from modern science. We are equally concerned as anyone else that any genuine issues should be identified and addressed, but this should be based on scientific evidence, not on ideological pre-judgement. Regulation of food production and supply will include evaluation of any relevant research.

Bt cotton doubled India's cotton output in five years and made us the world's largest exporter. But in November 2009, Monsanto scientists found the pink bollworm had become resistant to the first generation Bt cotton in parts of Gujarat. Monsanto responded by introducing a second generation cotton with multiple Bt proteins, which was rapidly adopted. Bollworm resistance to first generation Bt cotton was also identified in Australia, China, Spain and the United States. Professor AK Gupta of IIM Ahmedabad notes that he has not come across a single Bt cotton field with refugia (i.e., non-Bt cotton rows on the border). The resistance to Bt gene is an obvious consequence.

There are some concerns regarding pesticide use associated with GMO, as well (such as the Round-up pesticide). This indicates that suppliers and users of GMO have a duty of care. Suppliers, in particular, need to educate and monitor farmers on the proper use of GMO. Farmers, too, need to abide by relevant GMO and pesticide use requirements.

#### 13.2.6.5 Cooperative farming

We believe that farmers should have the option to access professional management and support. This requires more responsive cooperative farming regulation. Current regulation which allows cooperative department officials to engage in corrupt, whimsical actions, will be thoroughly overhauled. This reform will facilitate agro-processing and cold chains, thereby enhancing farm income.

#### 13.2.6.6 Regulation of organic farming for authenticity of claims

There is a growing demand for organic produce despite the absence of any demonstrable differences in food quality. There is a need, however, for honest disclosure so customers are assured of the authenticity of the claims.

#### 13.2.7 Development of supporting markets

We will develop well-regulated markets in farm sector support services, such as:

- *private crop insurance markets*. Through honest disclosure of their circumstances, Indian farmers will thereby get the opportunity to avoid significant losses from unforeseen contingencies;
- *private information networks* that offer internet access to villages; and
- *private laboratory networks* for soil testing and certification of produce, to validate compliance with relevant international standards.

## 14. Free enterprise in tertiary education

India is a young nation, with the majority of its population aged below 30. Unfortunately, most of our youth are inadequately educated and are often unemployable. We need to ensure urgent access to world-class education for our youth. This does not mean the government should directly provide education. Indeed, it is precisely this (direct provision of education by the government) that has led to the current situation.

Instead, a government should liberate the education industry and lightly co-regulate it for quality. Citizens will then be liberated to educate themselves and their children, untrammelled by obstructive official directives.

In this section we discuss our vocational and higher education policies. The school industry is discussed separately since there is a more direct role for government in that area.

The role of a government in tertiary education (i.e. post-year 12 vocational and higher education) is fundamentally different from its role in school education. That is because the benefits of higher education are largely captured privately by students who will earn far more, on average, than the average taxpayer. This means any subsidisation of the sector is a reverse subsidy – from the poor to the (future) rich. There are also no entitlements or rights to higher education on grounds of equal opportunity. Entry into a portal of tertiary vocational and higher education is a privilege, contingent upon hard work and capability. The equal opportunity argument justifies funding education of the poor up to year 12 in school (including vocational education), but not beyond that. Beyond all this, of course, is the fact that the skill-set required to manage institutions of higher education is different to that required by bureaucrats and politicians, who should therefore not have any role in the direct management of such institutions.

### 14.1 Tertiary (post-year 12) vocational education

India has grossly underperformed in tertiary vocational education, which underpins all manufacturing, construction and services capability. Our outdated system of vocational education is ill-equipped to build and support the high quality workforce India needs for the twenty-first century.

In Germany, training for many vocations is provided through a dual programme of training and education. Apprentices spend three to four days a week at a company receiving vocational training, with the remaining one or two days at a vocational school, receiving the relevant theoretical grounding. Such apprenticeship lasts between two and three-and-a-half years. During this period, trainees receive about one-third of the salary of a trained skilled worker. This system has created a vast number of high-skilled workers in Germany, which gives it a significant competitive edge on a global scale.

Our policy is essentially two-fold:

- On a similar pattern to normal school education, we will open up the vocational education sector entirely to private enterprise (under co-regulatory control, for ensuring a minimum standard) to ensure that India's youth is equipped with employable skills. This will include corporatisation and full privatisation (sale) of existing government technical institutes on the lines of school privatisation, detailed elsewhere.
- A regulatory system similar to that for schools will be introduced. These institutes will be enabled to issue certificates and diplomas comparable with those in developed countries. Tie-ups with international training institutes will be encouraged. It will be required of these vocational institutes to find paid apprenticeships for students on the German pattern, except for new industries or where the relevant industry is not located within a reasonable distance from the institute.



## 14.2 Higher Education

We have very few world-class institutions of higher learning. Lakhs of our students are forced to go abroad to access quality higher education. Most of them do not return, particularly since foreign countries are keen to retain their most competent students. The only way we can create the world's best tertiary education system – with a hundred universities of Ivy League standards – is by opening up the sector to private competition, thereby enabling it to attract much-needed investment and expertise.

There is no reason for the government to fund or manage the delivery of higher education, but there may be one small role: to ensure that everyone admitted to higher education institutions is able to attend, despite any funding capacity limitations. This can be resolved without the government directly subsidising the students or managing higher education institutions. The detailed policy is outlined below.

### 14.2.1 Comprehensive privatization of the higher education sector

All government universities, technical colleges and the like will be sold off by the 30<sup>th</sup> month on the same pattern as government schools, after due preparation and with conditions of sale specified below. In some cases, lands for such institutions will be reduced, particularly in the heart of major cities, to allow these to be sold independently for revenue generation.

The conditions of sale would include that these institutions:

- be **co-regulated** for quality. No bureaucrat can teach Einstein or tell him how to teach physics. Each university must be free to decide its own standards. We will dissolve the UGC and similar bodies, such as the AICTE. We will, however, require the affiliation of each university to a well-established consortium of universities that maintains self-regulatory standards comparable to (or higher than) the best in the world (including standards for the area and use of land). This co-regulated system will weed out any fraudulent 'universities' that have proliferated in India in recent years due to our corrupt system. Any obvious failings in the probity or integrity in a university will also be cause for regulatory action.
- become **for-profit corporations** with shares traded on the stock market. Their sole objective would be to provide tertiary education. The land sold to these institutions will need to be used for the primary purpose of higher education for 199 years, after which it could be used for any other purpose.
- have comprehensive **operational independence**. They would set their own salary structures and determine the course-mix and degrees. The competitive market for higher education will deliver the best mix of options for students. Not one rupee will be spent on any government-funded 'educational planner' to predict the demand for graduates in specific areas. This system will ensure that only as much higher education is provided as the market is prepared to bear. The freely operating tertiary education market, interacting stakeholders like students and businesses, will decide the course mix.

Given advance announcement of the details, this privatisation will attract investment and expertise from across the world and help make India a knowledge and research hub. This will also raise significant revenues (since most university land is now extremely valuable) and virtually eliminate government higher education expenses, thereby also releasing funds for essential government activities.

#### **Fee hike and other concerns are unfounded**

The reason why universities won't increase fees to astronomical levels upon privatization is because (to survive) they need to attract high quality students. Such students will look for high quality education at the lowest possible cost, thus forcing the fees down.

Privatization will also not adversely affect courses in the arts and philosophy. No one can claim that Harvard University has ignored these areas. Further, modern private sector corporations recognize the value of liberal education in broadening the perspective of managers. Arts graduates often do better in businesses than technical graduates because innovation, entrepreneurship, leadership, people management and strategic thinking often have less to do with technical skills and more to do with understanding the society and markets.

### 14.2.2 Low interest loans for students

We will provide low interest loans to all Indian tertiary students (i.e. *not* OCIs or PIOs – or dual citizens once such arrangements are in place) who gain admission into a properly (co-regulated) affiliated tertiary institution in India. These loans will bear a low interest, at around 1 per cent above the bond rate. The loan, under the arrangements initially established, will cover all fees, costs of books and equipment, and modest living costs. Given the bargaining power of the government, we will engage with universities to lower their costs and force the fees down. If it becomes necessary in the future (due to a high rate of loan defaults), we will institute a cap on the loan amount and/or income eligibility.

Repayment of the loan will be through the income tax system after the student finds a job and starts earning three times above the poverty line (the social minimum). Income streams from university students are more secure than houses, since almost all university graduates are likely to earn well. A rolling debt model will be used for administering the loans. From our government's thirty-first month, ten-year bonds will be issued for the amount of student loans expected to be issued that year.

Prudent Indian investors are likely to purchase these secured bonds, which will be retired every ten years using recoveries from students who would mostly be in the workforce by then. This model is intended to be self-sustaining, except for some possible mismatch of timing between student earnings and the face value of the bonds, the costs of administering this programme, and write-offs for default. Such costs will be subsidised (and incrementally reduced), being justified by the enhancement in equal opportunity for those unable to pay their fees or loans.

Steps taken to reduce risks of default would include actions to prevent students who leave India after their studies from renegeing on their loans, such as the following:

a) We will make a specific endorsement on the passport of all such students that prevents them from leaving India (even temporarily) without a bank guarantee equivalent to twice the amount of their outstanding loan (this multiple of two accounts for the loss to India if they permanently migrate), which will be forfeited if they fail to return within a declared period. Those who do not provide such guarantee will be turned back at the immigration check.

b) In addition, we will seek to enter into tax treaties with key Western governments so that the international income of such students is subject to Indian tax and the Indian loan repaid. Where such treaties are entered into, the travel restrictions for such students will be eased, subject to appropriate record-keeping of such movements.

This loan system will allow all meritorious persons, regardless of parental income, to pursue high quality higher education.



## Second order functions of government

After the government has performed its first order functions well, it can spend some resources on second order functions.

Key second order functions include the provision of:

### 1) Reasonable equality of opportunity

Well-regulated markets generally ensure equal opportunity, but there may be a need in some cases to directly support people in extreme poverty. A procurement model (such as vouchers) will be used to eliminate extreme poverty and ensure that the children of the poor have access to high quality education.

### 2) Some physical infrastructure

In addition, there may be some role for the government in the coordination, support or direct provision of some physical infrastructure.

## 15. Eliminating extreme poverty in three years

‘All the help that the poor need is that the world get off their backs’ (Mahatma Gandhi). Most people need an opportunity to succeed. Charity cramps the soul, and most people will have none of it. But India has not created an environment of opportunity for its citizens. It has, instead, wasted vast amounts of taxpayer money on ill-conceived ‘anti-poverty’ programmes that have merely created opportunities for corrupt bureaucrats and politicians. The work ethic has taken a toll under the employment guarantee programme, with corruption decentralized to every village and functionary. Worse, creative craftsmen – who are not able to find work to improve their prospects in an environment without opportunity – are asked to dig earth and break stones, further humiliating them.

Our policies are focused on creating opportunities, thereby virtually eliminating the need to directly deal with poverty. There will, however, always be some who suffer from infirmities, physical, psychological or cultural, and require support – despite the best efforts to create opportunity. For such people we don’t need cosmetic programmes that only divert taxpayer money to bureaucrats and politicians. We need to directly eliminate dire poverty – no exceptions. That is precisely what our policy will do.

### 15.1 Charities will always have a role to play

In helping others, the giver receives more than the recipient. An honourable society fosters the innate desire among most citizens to help the poor, a desire inherent in India’s tradition of moral obligation. *Langars* in gurudwaras and institutions of charity like Pingalwara have done wonders for the poor over the centuries.

We will continue to support tax exemptions for charities, thus enabling them to directly help the poor. Even after the (extremely frugal) social minimum is implemented, there will remain a role for charities to support the poor, e.g. those with special needs. We do not intend to create a disability arm of the social minimum (apart from some minor additional top-ups), particularly given the significant subjectivity involved in its assessment. We would expect the charity sector to fill this gap.

In this regard, there is a category of charities that need to be stringently regulated. While proselytisation is perfectly legitimate and tax exemptions can be given to religious charities, any foreign funds received should not be used for proselytization, nor should the poor be bribed through tax-free rupees to change their religion. We will amend the laws suitably, and punish any diversion of foreign funds for religious purposes.

### 15.2 Ensuring the social minimum

Charity is important, but it cannot be a systemic solution for the acute poverty we see in remote villages or crowded slums.

We will, after effectively undertaking the first order functions of the government, ensure a social minimum for all Indians. This will include high quality private school education for the children of the poorest and a top-up that eliminates extreme poverty. While inequalities of income are an inevitable by-product of different talents, efforts, and fortune, no one in India needs to be desperately poor.

We will eliminate extreme poverty within three years. This will mainly involve replacing the current vast number of subsidies and poverty alleviation programmes by cash transfers into the bank accounts of the poorest households (with half these funds being allocated to the female head of the household).

As large sums of money are involved at the national level, we will employ the world’s best practices to determine the insured citizens (‘beneficiaries’), and audit for accurate delivery.



### 15.2.1 Negative income tax (NIT-type) system

The main steps involved in delivering a social minimum, based on the concept of a negative income tax, are outlined below:

1. Identify people who are desperately poor and may need such assistance during a given year;
2. Determine the top-up amount (the gap from the poverty line) needed to raise the income of these persons above the poverty line;
3. Identify funds to meet this top-up amount. These funds are likely to be far less than current subsidies and poverty alleviation programmes; and
4. Transfer this money directly to the Aadhaar-linked bank account of these people.

To help in (1) identification, lodging income tax returns will be made compulsory for every Indian adult. Private agencies will be hired to assist in this task, particularly in rural areas, where income tax returns have hitherto not been required. The agencies will be required to use digital photography and videos of the individuals' assets and lifestyle (for instance) as partial proof of income assessment. There will be an asset test, whereby individuals with large assets but no income in a particular year will be required to sell down their assets. Only after such assets reach below a minimum level, would they become eligible for the social minimum. Anyone who is able bodied but chooses not to work, will be denied eligibility, even if otherwise qualified.

We will not allow the social minimum system to degenerate into a welfare system. The poverty line will be linked to a very frugal level of existence, just a little above extreme poverty, and updated periodically for local cost of living and inflation. There will be (a very minimal) additional top-up for disabled persons, noting that caring for the disabled is the responsibility of the family, and an area for charities to play a significant role.

Recipients living in remote areas will need to travel to the nearest bank branch to collect their funds every fortnight. We will, however, explore whether mobile phones can be linked with bank accounts and the Aadhaar ID, so every person eligible for the social minimum can access their bank accounts through the mobile phone network.

To ensure the efficient delivery of the NIT-type system, India's largest IT companies with proven capability will be invited to propose methodologies to implement this system. About half a dozen pilots will be rolled out by the end of the first year and the most effective method would be selected for national implementation. It is expected that India's vast NGO/religious charity networks will also play a role in the identification of the poor and audit/ validation of delivery to the right people. Additional checks will be ensured through private audit agencies, with incentive contracts that punish agencies severely for wrong identification of 'beneficiaries'.

These NIT-type payments will become fully operational in the fourth year across the country and, after one year of implementation and evaluation, all subsidies and the public distribution system will be scrapped.

(It must be noted that UPA and Modi government efforts have been neither properly tested, nor well-targeted, nor linked with a commitment to abolish all other programmes.)

## 16. Access to high quality school education for children of the poor

Today, about 16 per cent of India's children in the age group 6–14 do not go to school at all, amounting to tens of millions of children. Most that do go to school drop their studies before year 12. It is impossible for India to become a Sone Ki Chidiya when hundreds of millions of its people are illiterate or ill-educated.

To ensure equal opportunity, a government needs to ensure that the children of the poor receive access to high quality education.

We will support the education of all permanent residents of India up to year (class) 12 or age 18, whichever comes first, noting that this does not amount to compulsory education. This includes a commitment to support equivalent vocational streams.

Since school education is largely a state subject, this policy will apply initially to Central Government schools, with the States significantly incentivised to move to this model. Any elected governments from Swarna Bharat Party in the States are fully committed to implementing these policies.

Like all other policies outlined in this manifesto, the school policy should be considered as part of a package of reforms, for example, it cannot be considered in isolation from basic governance reforms.

### 16.1 School education

#### 16.1.1 Privatization of all schools

A government has a role in ensuring that the children of the poorest of the poor receive high quality education, but has no role in managing schools, which should be entirely left to the market. Many parents (regardless of their income levels) prefer to send their children to private schools, which are usually more accountable for student outcomes. Teachers cannot be held to account in a government school system, nor schools held accountable to parents. Managing hundreds of thousands of teachers in a dispassionate manner is beyond the capability of any bureaucracy. No amount of decentralisation and delegation can hide from the fact that even the best government systems are racked with chronic inefficiency – and under the current governance system, with chronic corruption.

Further, private school owners have the incentive to create and use an optimal level of school infrastructure, while there is demonstrable inefficiency in the management of government land and buildings associated with schools. In brief, no government can do better, on average, than privately managed schools. The failure of the current government managed system has nothing to do with the intentions of government teachers; it's just that the system can't work.

We will get the government completely out of school ownership and management. Privatizing all government schools will ensure that all schools in India become fully accountable to parents and the country's land allocated to school education managed efficiently.

Over the course of the first 30 months, all government schools will be privatized, with their land,<sup>7</sup> buildings and equipment sold through open tender. Educationists in these schools will be encouraged to

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<sup>7</sup> Where the land (as is the case in many villages) has been donated by the community to the school, the proceeds of the sale relating to land will revert back to the local community.



make a bid, through a (small) preference in the conditions of the sale. They could form companies or societies and raise loans to buy the schools, with repayment from their earnings over the years.<sup>8</sup>

The following conditions would apply to the sale:

- a school's land cannot be sold for 50 years, nor the school's land or buildings used for any primary purpose other than school education;
- school owners will be able to operate approved business activities (approved by the local government) from the school campus after school hours, so long as the funds raised from these activities are used to fund the school and lower the fees; and
- the consortium which buys the school will not disadvantage existing permanent staff for up to five years from the date of purchase.

It would not matter whether a privatized school is run as 'for' or 'not-for' profit. If a good school can also make a profit, it can only help, not hinder, the supply of more good schools.

To prevent risk of school closure due to financial mismanagement, each school will be required to purchase bankruptcy, fire, workers' compensation and public liability insurance, to be reinsured initially by an education regulator who would coordinate the private insurance market to create appropriate instruments, until the school collapse rates are better assessed by the private market and premiums fine-tuned. If buyers of a school turn out to be bad managers, or worse, this insurance will prevent the school from folding and the students from suffering.

### **16.1.2 Regulator**

Governments tend to be soft on their own failures, while being hard on 'market' failures. The market tends to have close to 100 per cent accountability, the government close to 0 per cent accountability.

It is easier, therefore, for a government to find fault with private schools. This will allow the regulator to become an effective arbitrator of school quality, subject to industry standards. It will be ensured that the regulator imposes no unnecessary expectations/ requirements on schools beyond the industry standard.

In addition, the regulator would play a role in the initial years in ensuring that all schools are insured for financial and other risks.

#### **16.1.2.1 Standards and curriculum**

The regulator should play a very limited role in establishing standards, being confined to confirming that a school's own declared standards (linked with industry standards) are being followed.

We will work with the education sector to co-regulate a range of minimum (including assessment) standards established by school industry associations. Each school would choose (and publicly declare) one of these standards, notifying the school regulator both of their existence and of their chosen standard. Penalties would apply if a school was found to have violated its declared standards.

We do not expect to influence these standards but hope that the following principles are included:

- no school should teach specific religious practices, which are a matter for parents to teach;
- schools should teach the basics of liberty and India's constitutional democracy, to prepare children to participate in the democratic process at age 18; and
- schools should be free to choose their medium of education. However, it is hoped that English proficiency will be achieved, along with some emphasis on Sanskrit (or Urdu), Hindi, and one regional language.

This system will ensure that parents ultimately determine the curriculum through their choices.

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<sup>8</sup> If there are no buyers for schools in particularly remote areas, existing arrangements will continue for a further year, when a similar sale is attempted again.

### **16.1.2.2 Improving teacher quality**

There is – in the short run – a role for the government to help ramp up the supply of high quality teachers. Without availability of a large number of high quality teachers, even the private school system will fail to deliver equality of opportunity to Indian children.

We will establish a Task Force to work out innovative mechanisms to rapidly create (within three years) an army of world-class school teachers, fully trained in e-learning as well. Special funding for creating a strong supply of good teachers will be allocated to the higher education system, which will be simultaneously reformed to make it more agile and of far higher quality.

### **16.1.3 Market competition in schools**

Governments tend to destroy competition by setting high barriers to entry. We will not shield schools from competition. Practically anyone could set up a school and charge any fee, subject to compliance with the broad regulatory requirements. There will be no number-counting, either, i.e. no restrictions on the number of schools that can enter any area. These fiercely competitive measures will prevent any monopolies or lobbies from arising, to the detriment of educational quality. Only the schools most accountable to parents through the market system will survive. We expect poorly managed schools to be bought out by the more efficient ones.

Private sector provision of education is as guaranteed to succeed as India's current government managed method is guaranteed to fail.

### **16.1.4 Child-based funding for children of the poor**

We will provide digital vouchers to poor parents identified through the NIT-type process, which can be encashed in any school. This method will ensure that choices made by parents are honoured. No one can be a greater well-wisher of a child than his or her own parents. Only if both parents have a conclusive record of neglecting their children should a government be allowed to make decisions on behalf of the child.

#### **16.1.4.1 Identification of children**

By the thirtieth month, we would ensure that an Aadhaar number is allocated to each child between the ages of four and eighteen, in preparation for this programme. This number would be linked to a database which records key biological features of the child, along with photographs and Aadhaar IDs of his/her parents, to prevent potential falsification of records. (A new identification number would be allotted to each child who subsequently reaches the age of four.)

#### **16.1.4.2 Parents of poorest children will get a high value voucher**

This database will be linked to the previous year's income tax return of the child's parents and would automatically generate a voucher of a specific value, linked to that income and to the expected educational costs for a child of that age. Vouchers will differ in value. Children of poor parents will get vouchers of a much higher value than children of relatively better off (but still below poverty line) parents. This higher allocation of funds for children of poorer parents is a crucial part of the model. It will make it very attractive to establish schools in rural areas or slums, since children with predominantly high-value vouchers will attend such schools. Schools in economically backward zones will be able to afford much higher salaries for teachers, and potentially attract even better teachers than schools in urban areas. Thus, all schools will be able to provide a robust quality education.

An annual adjustment would be applied to the value of a child's voucher after the income of the child's parents is declared to the tax office. Excess payments made for the child to the school would be recouped through the parent's future taxes.

#### **16.1.4.3 Parents to pay any top-up**

Parents would pay the amount above what the government voucher reimburses the school.

Poor parents would not pay anything since they would have high-value vouchers. Children of slightly better off parents (but still below the poverty line) may need to pay a top-up amount.



#### **16.1.4.4 Management by private providers**

The voucher system will be managed by a range of private service providers under strict conditions of accountability. The education regulator will monitor the quality of these providers and ensure the overall integrity of the voucher system. Stiff penalties will apply if preventable fraud is detected at any level.

The social infrastructure department, which will manage the overall budget for school education, will work with the education regulator to ensure that minimum outcome standards of educational attainment are met by each school, and that vouchers are administered properly. Education directorates and inspectorates would be largely disbanded by the end of the thirtieth month. Many of their teaching and non-teaching staff would have been, by then, employed by the larger consortiums.

#### **16.1.4.5 Payment system to schools**

Schools will bill the government for each child individually for the amount specified on the relevant voucher. This will create an incentive for schools to go out and literally beg parents – such as parents of child labourers – to send their children to school. How many times have we seen government school principals go out and beg parents in such a manner?

The more the children that these schools can enrol and pass out at an agreed, independently tested standard, the greater the money they will receive from the government.

Schools would be required to report a child's death or transfer from the school within one month to the voucher service provider. Should it be found that a school has charged the government for a child who was no longer studying there, the school will face penalties, including potential withdrawal of the school's registration and criminal prosecution of school owners.

#### **16.1.4.6 Plan B in places where private schools do not emerge on their own**

In the event that the privatised system does not work in some remote areas (although there is no reason why it shouldn't), procurement of school education will be considered from private suppliers through a tender system, with a significant portion of funding at risk on the basis of the quality of the output. This tender would have two independent components: one for school buildings and maintenance, and the other for school management. In any event, the government will not directly deliver school education anywhere in the country, but get it delivered to the poorest of the poor.

## **16.2 Pre-school education**

Pre-school education is not part of the requirements of equal opportunity. However, we will strengthen the regulatory regime for this sector to incrementally increase quality and accountability, with such education being supplied by private enterprise (including through charitable work).

## 17. Emergency health for all; basic health for the poor

Except in a few extreme situations, there is no case for a government to step into managing people's health. Citizens of a free nation must shoulder responsibility for their own and their family's health, particularly given that good health is largely a consequence of preventative actions that people must themselves take. By ensuring that medical costs are met from their savings or through insurance, people remain motivated to look after their health.

There may, however, in addition, be some role for the government in assisting the very poor in health matters, a responsibility arising from the requirement of equality of opportunity.

To more clearly identify the role for government, we can consider health issues in three categories: (1) basic health and elective surgery, (2) emergency hospitalization, and (3) general programmes such as vaccinations against infectious disease and promotion of public health.

### 17.1 Government support for basic health and surgery for the poor

A government is not required to provide basic health care and elective surgery for everyone, since health is just one of many requirements of daily life and health support at taxpayer expense can lead to people taking less responsibility for their own health or going excessively to doctors.

For the poorest of the poor, who can't afford basic care or elective surgery, there is some role for government, while being mindful of the moral hazard.

We will automatically pay a premium for basic health insurance and elective surgery for those eligible for negative income tax funding. A co-contribution will be required from those who are relatively less poor (but still below the poverty line), on the pattern of school funding. Being a large purchaser, the government will be able to achieve competitive prices for this service from the health insurance sector.

However, to ensure that insured poor individuals take adequate care of their own health, we will limit the coverage for illnesses that typically arise from an unhealthy lifestyle e.g. chronic obstructive pulmonary disease (mostly due to smoking), and alcoholic liver disease.

### 17.2 Universal trauma care, cost recovered from those who can pay

Each citizen can either take private insurance, or self-insure for health contingencies. However, if someone turns up at the doorstep of a hospital in a gravely sick or injured condition *that does not permit self-identification or identification of insurance* (including self-insurance) *plans*, such a person cannot be turned away.

It is the obligation of a government to protect the life of its citizens. To ensure that no life is lost under traumatic circumstances only because funding could not be assessed in time, a government should universally insure everyone (including foreign citizens) for immediate treatment for traumatic hospitalisation and emergency care, with later recovery of costs. (Note: this excludes all chronic or other conditions for which self-identification or advance payment is feasible by the patient or his/her family. Such insurance applies, therefore, only to the rarest of cases).

#### 17.2.1.1 Delivery of trauma care

Our government will not directly deliver trauma hospitalization, but procure it through private enterprise based on models that keep competition high, and costs and moral hazard down. Options include (subject to further modelling) tendering for long duration (say 30-year) contracts within specific geographical regions. The country can be carved into reasonably sized regions which are put out for tender. Eligible private health consortiums wishing to provide the prescribed trauma services (at prescribed standards to



everyone in the region) will be asked to bid a single, flat per-person annual price. This approach would take into account the local cost of living, and any local difficulties in appointing doctors. The successful bidders would be awarded long-duration contracts for these regions and paid in advance, on a monthly basis, based on the region's estimated population. This will create certainty in payments and allow appropriate investment.

The health regulator will monitor service quality and timeliness. Stiff penalties for non-compliance with service standards will be imposed. This approach will:

- significantly increase the competition in supply of emergency hospitalisation services; and
- cap costs (providers will receive a fixed amount regardless of quantity). In general, fee-for-service payments create incentives to treat excessively, to undertake more tests, to prescribe more. A flat total cost creates incentives to manage outcomes as efficiently as possible, while delivering service standards.

#### **17.2.1.2 Reimbursement**

Except for those eligible for the NIT-type system, citizens, upon their recovery from trauma, will be billed the government-approved standard cost for their treatment. They could thereafter either bill their insurance companies or pay directly, if they have chosen to self-insure. The government will bear the cost of administering the scheme and any cost of being unable to recover from those who die, without being identified, during the treatment.

Foreign citizens who do not pay costs immediately after they have recovered from the trauma will have a noting made in their passport that permits them to leave India only after they provide proof of payment.

### **17.3 Privatisation of government primary health centres and hospitals**

By the end (aiming for completion in three years), government- primary health centres and hospitals will be sold on the broad regulatory pattern outlined for schools. Any private health consortiums successful in purchasing these assets will also be required to take responsibility (under incentive-based conditions) for up to five years for the employees of these centres and hospitals.

Given this reform involves a matter that concerns the lives of hundreds of millions of people, we will ensure that the transition is well-thought out and systematic.

### **17.4 Other universal health programmes**

In addition, we will support (deliverable through the private health system) general programmes to vaccinate children against infectious diseases to help reduce infant mortality. We will also support civil society efforts to educate people about sanitation, nutrition, obesity, diabetes, TB, malaria, leprosy, hypertension, drug abuse, occupational hazards, cancers and other (often preventable) health issues.

### **17.5 Drug policy**

We are concerned that drugs take too long to be approved. We will review and speed up the approval process. On the other hand, the sale of snake oil and fake medicine – often sold in the guise of food product – will be curbed. We will mandate the requirement for formal approval (after conclusive scientific proof of curative powers) of any “ayurvedic”, “homeopathic”, “unani” or other product that is said to cure diseases. With these steps, India can become a key hub of the world's drug industry.

### **17.6 Health regulation**

#### **17.6.1 Stringent regulation of private health insurance providers**

To ensure that the private health industry operates competitively, we will regulate the health insurance market to allow switching insurers without any loss of existing coverage. We will also regulate private

health insurance prices (to be approved by the Government after a detailed assessment by the health regulator).

To ensure that everyone is able to take insurance, if they so wish, we will mandate that no private insurance provider can reject anyone's application although they may, within reason, vary the premiums for certain categories of patients (e.g. smokers). We will also allow some pre-existing conditions to be excluded for 12 months for new applicants, to prevent gaming by patients who fall badly sick and then try to take out insurance. We will also allow health insurers to impose a penalty premium (at a flat rate, say one third higher than the standard premium) for those who take out health insurance after age 35.

### **17.6.2 Occupational licensing of health professionals**

We will review current occupational licensing requirements for health professionals to minimise any monopolistic tendencies in the profession, and allow categories of health professionals for paramedics, who could, under the supervision of doctors (and in the coming years, advanced AI-based computers), handle many of the more common health problems and procedures.

In this regard, we will ensure that restrictions are not imposed on options that doctors provide to their patients, in the guise of 'ethical considerations'. Doctors should be required to provide patients with all relevant facts and let patients make up their own mind.

### **17.6.3 Regulated markets in blood, kidneys and organs, and the regulation of surrogacy**

India has a huge shortage of organs for transplantation to those with organ failure. Based on Iran's experience and the recent literature on matching markets, we will establish well-regulated markets for kidney transplants, to be followed up with markets in liver and other organs. This will potentially save hundreds of thousands of lives each year, and dramatically reduce private and public health costs. Similar principles will also be applied to the blood donation market, being mindful of any adverse effects on the rates of donation.

On the other hand, there are numerous unregulated markets in India in health-related matters, including surrogacy. We will strongly regulate surrogacy to prevent anyone abandoning their surrogate child.

## **17.7 Compensation for death/injury in riots and natural calamities**

We will review and identify various situations and risks, and options for insurance for such risks. Thereafter we will legislate an entirely non-discretionary system for any compensation for deaths and injuries in riots or natural calamities.

## **17.8 Example: alcohol policy**

Alcohol policy is a complex matter. In moderation, alcohol could be good for health. In excess it can harm not only the drinker, but others as well (e.g. family, society). One may live with an individual's choice to harm himself, but no individual has the right to harm others. There is therefore a role for government in this area.

A free country's alcohol policy must be based on a cost-benefit test and evaluation of evidence. As with Swarna Bharat Party's policy on sex-workers, we take inspiration from India's greatest economist, Chanakya, whose book *Arthashastra* details a regulatory (not prohibitory) solution to manage this issue, while raising revenues for the state.

Prohibition is not costless. It prevents the vast majority of drinkers, who drink in moderation, from experiencing the associated social and health benefits. It can cost human lives as some people choose illicit liquor, which can sometimes be lethal. It also leads to the emergence of a mafia, given the super-normal profits derived from smuggling. A balance has to be found between total freedom (which can harm others) and prohibition.

Our regulatory approach to alcohol includes:

- 1) No regulation of any kind for storage and consumption of alcohol in one's own private premises.



2) No restrictions on purchase of liquor by adults. This means that things like the liquor permit system or prohibition will be abolished.

3) Licencing of traders and premises. We will licence liquor traders and suppliers (packaged liquor stores, retail stores, pubs and restaurants), with local governments given a significant voice in determining the location of the venues for which a licence is issued. Each licensee would be required to conduct a risk assessment and appropriate amenities to deal with the risks arising from sale or service of alcohol.

For example, licensing conditions would require sufficient parking space and place for seating and movement for all customers, so there are no spillovers on the streets; clean toilets within the facility where alcohol is served; sufficient street lights and proximity to public transport of the venue; training of staff in responsible alcohol service, including dealing with rowdy customers. Hours of operation could be regulated by the local government. The establishment would be fined if rowdy customers emerge from the premise into the streets.

4) Local governments that co-approve licences would be required to ensure suitable amenities in the area around the liquor establishment, including sufficient street lighting and parking.

5) The police would be tasked with regular monitoring of such establishments to enforce liquor laws and support the community and the industry. We would facilitate the reporting of victimization and all cases of violence will be acted upon. Police would monitor drunk driving through breath tests. Significant penalties would be applied for blood alcohol levels exceeding the permissible limit. However, public drunkenness would be treated as a health or social problem, not a criminal problem. Instead of being arrested and locked up in a police cell, intoxicated persons could be taken to health care facilities and sobering up centres where they could be treated by properly trained staff. We will allocate significant funding for initiatives to prevent alcohol-related harm, mainly through the not-for-profit sector.

6) Taxation: There is strong evidence that price changes affect alcohol consumption. On the other hand, excessively high taxes will lead to the growth of alternative, illicit and sometimes lethal manufacture of alcohol. We will tax alcohol at a level that puts downward pressure on excessive drinking, even as a balance is struck to ensure that illicit liquor or smuggling is not given a boost through such policy. This is, in the end, an empirical question.

7) We will also limit alcohol advertising and marketing.

## 18. World-class physical infrastructure

Along with good governance and the rule of law, good connectivity and availability of power and water is essential for a modern country. India needs big infrastructure to eliminate current bottlenecks and provide spare capacity for the future.

Construction of infrastructure needs to be greatly speeded up. There can be no compromise in capital intensity (e.g. the best possible machines) to build infrastructure. While constructing infrastructure can create some jobs, that is not its primary goal. Its goal is to facilitate economic activity which can yield returns far greater than the jobs it creates during construction.

Two key policy principles are outlined first below, followed by an outline of policies for specific infrastructure sectors.

### 18.1 Policy principles

#### **18.1.1 Government to facilitate/regulate, and only rarely directly build infrastructure**

It is sometimes taken for granted that infrastructure should be created and maintained only by the government. But even infrastructure should be subject to the laws of market and private initiative. Inefficiency and waste resulting from unnecessary government involvement has resulted in severely stunted infrastructure in India. Our railways, roads and energy deficits are a serious bottleneck to economic activity.

Wherever possible, we will hand over the creation and maintenance of infrastructure to private initiative and subject it to the normal laws of markets. Except in the rarest of cases, the direct construction and maintenance of infrastructure by government departments will be brought to an end. Even in areas of potential monopoly such as water, sanitation and laying internet cables, we will advance significant private sector involvement under regulatory oversight. We will also support high speed rail networks where these are economically self-sustaining and without taxpayer subsidy.

Where competitive ownership and/or management of infrastructure by the private sector is not feasible, we will procure work from private vendors through competitive bids, with accountability of relevant public sector managers to deliver results at more competitive rates.

Some local infrastructure will continue to be built through work created as part of emergency relief, although such emergency situations are likely to be fewer in the future, given our social insurance scheme which will kick in for those impoverished through natural calamities.

#### **18.1.2 Accountable system for infrastructure**

##### **18.1.2.1 Public disclosure and consultation on costs and benefits**

Significant amounts of money are spent on infrastructure projects but proper scrutiny is lacking. We will ensure that all large infrastructure projects are publicly scrutinised before being funded.

We will embed a process through legislation to require (for large projects only – to be defined based on a range of characteristics) identification of the need and analysis of options to build, own and operate infrastructure. To increase competition, a thorough social cost benefit analysis (CBA) to be assessed by an independent body, to ensure that taxpayer money is spent only on viable projects. This analysis information will be publicly disclosed and widely consulted to ensure everyone is clear about the issues involved before a decision is taken.

##### **18.1.2.2 Pricing of infrastructure (market price recovery)**

The user pays principle (including market cost recovery) will be employed wherever possible, thereby reducing pressure on the general budget.



### 18.1.2.3 Timely approvals and efficient regulation

An opaque regulatory environment, delayed approvals, high cost of capital, and land acquisition delays are among the many reasons for India's infrastructure deficit.

The Physical Infrastructure department would be responsible for coordinating all approvals in a time bound manner. The departmental secretary will have final authority over such approvals under the law, with power to over-ride other departments and regulators if they delay unduly.

Streamlined processes after the decision to go ahead, will include:

- streamlined land acquisition processes for public infrastructure;
- streamlined, risk-based environmental impact assessment process that matches the level of assessment with the magnitude of environmental risk;
- ensuring that any critical inputs are assured (such as fuel supplies for power projects) before public tendering or private investment.

This will allow rapid creation of much-needed infrastructure while minimising any harm to wildlife or the environment. Through such policy principles we expect the emergence of world-class airports, ports, metros, railways, roads, bridges and power stations with minimal taxpayer support.

## 18.2 Well-planned urbanisation, including private cities

Urbanisation leads to economic growth, even as economic growth leads to further urbanisation. Instead of fighting this inevitable law (through appeals or policies to reduce urbanisation), we will build agile local government institutions that anticipate and respond to the changing structure of the economy and labour markets. Responsive urbanisation can also reduce entrenched social discrimination, such as of the caste system.

To get world-class cities that can accommodate rapid economic growth, we will support State governments in developing town plans in consultation with local governments. As a general rule, the minimum possible zoning restrictions should be imposed on the use of land. Planning rules should, however, allow sufficient space for roads, public amenities, green spaces, natural features and regulation of significant heritage sites, consistent with international best-practice. Where possible, we will delegate land planning and zoning partially to local councils (under detailed policy parameters specified by the State Government) who will employ professional land planners, environmental scientists and landscaping specialists to provide outstanding planning services. It may be useful, for larger cities, to create a central city planning commission that decides individual applications based on the strategic objectives of the State Government.

Jamshedpur was perhaps one of the world's first privately built cities. We need many more such cities in India. Experiments are underway globally to involve the private sector in the development and management of cities. The key obstacle for India is land acquisition, given India's population density. Since cities are (at a certain level) a public good, we will permit the acquisition by State governments of vast areas of agriculturally unsuitable land (but with sufficient drinking water) to be leased (through global tenders) for development into well-planned cities. The successful private developers could recover their costs from residents, and will also be required to pay a rent to the State government and an annuity to farmers whose land is acquired.

## 18.3 Transport infrastructure and policy

Despite reduced travel requirements in modern society due to better telecom and IT, efficient physical transportation of goods and people remains essential for a productive economy. Access to transport is particularly important for the poor and the disabled.

We believe that advances in IT technology are likely to allow the full privatisation of most roads in the future, but till that happens, there is a role for government in directly providing (or supporting private enterprise to provide) efficient transport infrastructure. In addition, there is an urgent need to improve

transportation regulatory frameworks to cut red tape, loosen entry restrictions into the public transport sector, and enable creative approaches to fare setting and bargaining between suppliers and customers.

### **18.3.1 Supply-side issues**

#### **18.3.1.1 Roads**

It appears that a range of – often – whimsical standards are applied to road construction, traffic signals and traffic signage in India. We will mandate that all roads meet international standards. We will require the usual features of good roads including special corridors/ lanes for public transport and high occupancy vehicles and overtaking turnouts on narrow roads.

##### ***Road safety and traffic management***

India has one of the worst traffic accidents records in the world. The World Bank estimates that each year, road accidents cost India 3 per cent of its GDP. We will regulate dramatically enhanced car and road safety standards, subject to a cost benefit test.

In addition to terrible roads, deficient driving skills and deplorable traffic discipline are a major cause of road accidents. Driving licences are frequently purchased by paying bribes, sometimes without the applicant even taking a driving test. The licensing function will be tendered out to the private sector with regulatory oversight and stringent penalties for any non-compliance with regulatory requirements. Driving habits will be improved through advertising campaigns that make flouting of rules socially unacceptable, stricter penalties and stringent enforcement. Driver retraining and community service may be ordered in lieu of monetary penalties and punishments.

Cycling and walking are becoming risky in the cities, undermining everyone's safety and health, and the livelihoods of the poor. For example, in Delhi, 80 per cent of the budgetary allocation of the Jawaharlal Nehru Urban Renewal Mechanism was allocated in recent years to roads and flyovers, with just 0.1 per cent allocated to cycling and pedestrian projects. We will create special cycle lanes and cycle stands wherever feasible. Pedestrian infrastructure (to be built accordance with international standards) will be given utmost priority: through better pavements, safer crossing points, pedestrian bridges, etc. Zebra crossing laws will be strictly enforced and those who do not stop for pedestrians will face very heavy fines.

We will deploy the latest technology (e.g. red light cameras) and information technology through the entire enforcement chain, including the licence issuing and challan writing agencies, traffic courts and compliance units. Historical records of drivers and permit-holders will be maintained and recalled at the time of disposal of challan.

##### ***Parking***

Parking is a nightmare in most commercial, shopping and residential areas, largely because market-based solutions and regulatory standards are not being applied. We will motivate a significant increase in the quantum of off-road parking, particularly in commercial areas. All new buildings in residential and commercial areas will be required to include adequate parking. Since private parking slots in houses will be permitted to be traded or rented through appropriately designed property rights, this regulatory imposition will not harm those who do not use or intend to use cars.

#### **18.3.1.2 Airports and ports**

The private sector is entirely capable of building and managing airports and ports, under competitive access regimes that prevent monopolistic behaviour. In particular, we intend to make India more maritime. We will support the building of large artificial ports. We will privatise as many of the existing airports and ports as possible, and competitively license many more. Where privatisation is not economic or feasible, we will place bounds on unnecessary subsidisation of loss making entities.

#### **18.3.1.3 Railways**

Railways have been successfully privatised in many countries, such as Japan, UK and Australia. We will do so in India through options that may include unbundling (1) the tracks, with potentially many track



operators, (2) trains, with many train operators, and (3) the stations and coordinating systems to attract passengers and look after their amenities. This will subject the railways system to intense competitive pressures, thereby improving quality and reducing price. We will phase out all rail subsidies over time, and allow competitive (regulated) market prices.

Toilets in Indian trains are not appropriately designed for able bodied humans, leave alone for people with disabilities. Irrespective of any other railways reforms, we will require train toilets to be redesigned to comply with world-best standards.

#### **18.3.1.4 Public transport and taxis**

We envisage cities in which a significant proportion of journeys are made on an efficient public transport network that is fast, safe, comfortable and affordable. This requires competition and consolidation that ensure minimal direct government management. Market based approaches will allow operators that are unencumbered by labyrinthine regulations and hostile policies, to create services with varying service levels and prices. Such solutions can include private buses, autos, taxis and rickshaws, with due regard to congestion effects of slower vehicles.

In the bus sector, competition without coordination can often turn out to be a curse, so in addition to bus rapid transport, innovative regulatory approaches like kerb rights will be implemented, to create a system that can respond to demand and continuously improve services and scheduling. Integration amongst different modes of public transport will be achieved through innovative market-based solutions, not through government coordination of the modes. Public transport reforms require the deregulation of fares. Without pricing freedom, there can be no demand-responsive public transport system.

There is a strong case for free entry into the taxi and auto-rickshaw sector, with some light-handed price regulation to avoid gouging, while allowing variable pricing during peak demand, on the lines of surge pricing. A light-handed licensing approach is most likely to match demand with supply, while maintaining service standards. Regulatory approaches will allow as much competition in the market as technologically possible.

### **18.3.2 Demand side issues**

Increasing the supply side of the transport sector infrastructure, such as flyovers, grade separators, toll roads and synchronized signals can only be a part of the solution to India's transportation challenges. Demand side remedies will be needed to regulate the optimal use of spaces allocated for transportation.

#### **18.3.2.1 User pays principle**

Consistent with the user pays principle, taxes on vehicles and on transport fuels will contribute significantly towards the cost of roads. Taxes on passenger vehicles will be set based on factors such as the ratio of the number of seats to road space-time occupied, being relatively lower on faster vehicles since they occupy less road space-time. However, weight will be a factor. Particularly heavy vehicles will be charged a fee based on the combination of odometer reading (distance travelled) and truck characteristics (e.g. length, weight), to help compensate for the road damage caused.

This principle will help meet the cost of roads but also help manage demand.

#### **18.3.2.2 Congestion charge for roads and parking**

Low occupancy private vehicles that are used in high traffic areas will be levied a congestion charge that varies by time of day. Modern technology makes it feasible to levy such a road use charge without any disruption to traffic flow. Where necessary, the simpler method that permits entry of odd and even numbered plate vehicles in congested areas on odd and even numbered days will be used.

This charge will cross-subsidise public transport and walking/cycling infrastructure, thereby increasing access to mobility for many commuters, even as the efficiency of the system is increased for high value users. Further, fees that vary by time of day will be used for roadside parking, thus allowing road users to achieve optimal travel speeds during peak hours.

## 18.4 Water infrastructure

If water is managed and harvested scientifically, India can easily become self-sufficient in water, even as the water table gets regularly recharged. Water is harvested unscientifically today due to the problem of the commons: something commonly owned is likely to be treated carelessly. Some exceptions might exist to this rule (such as a hundred thousand check dams and farm ponds built through people's participation in Saurashtra) but in the longer run, appropriate incentives are needed to promote local water harvesting. In general, good water management requires the government create relevant regulations, commission relevant support and infrastructure, allocate property rights, build relevant markets for trading water, regulate for safety and (where necessary) pricing, and enforce penalties for violations of the law.

### 18.4.1 Drinking water

Large sections of our country do not have access to safe drinking water. We will privatise water supply wherever possible, based on the best international experience. At a minimum, we will facilitate private investment in water storage and distribution. In exceptional cases, we will subsidise private investments in water harvesting. Incentives, such as disproportionately higher prices for greater use will be put in place to encourage conservative use of water and motivate people to harvest (wherever feasible) roof top water for domestic non-drinking use.

The government has a key role in areas that have specific problems with their water sources. For instance, we will commission iron-reducing projects in areas with high iron content in underground water. Similarly, reverse-osmosis and de-mineralization plants will be established in villages that suffer from high fluoride and salt content in water.

### 18.4.2 Irrigation

We will promote and/or commission new irrigation infrastructure, and link rivers where feasible. Private irrigation and water harvesting initiatives, including through cooperatives and water users associations will be supported and strengthened, even as they are suitably regulated. Drip irrigation infrastructure will be facilitated in dry areas to minimise the impact of monsoon failure.

Tradable water rights that also take into account (a) traditional water rights that form part of the characteristics of an existing property and (b) water reservoir management to arrest water table depletion, will be introduced to enable efficient use of water. Allocation of such trading rights is an effective solution to pricing and scientific use of irrigation water. While variable pricing (based on quantity used) will be introduced, we will monitor prices through a price regulator to ensure that variable pricing does not become a means to gouge users.

## 18.5 Energy

There are numerous ways to create an effective energy system without the government directly producing and selling electricity. We will ensure energy security by opening up the energy sector to market forces. Anyone should be able to produce and sell electricity, subject to complying with relevant regulations.

This will involve the privatisation of the generation, transmission and distribution of energy, to ensure the stable, reliable and affordable supply in all parts of the country. In doing so, we will apply the best insights of market design to regulate the various industry segments based on their special characteristics, by establishing a market-rules based environment that motivates greatest productive efficiency and minimises market power. This will be particularly relevant as the energy internet comes into place.

Further, as a general principle, energy produced should be economically viable, and any ability to pay (e.g. poverty) should be addressed separately through the negative income tax. No energy subsidies will be approved in the future, and existing subsidies withdrawn in a phased manner, within three years.



## **18.5.1 Generation**

### **18.5.1.1 Coal, oil and gas**

Coal is a low-cost energy source with hundreds of years of supply readily available in India. Despite that, India is forced to import coal. As a first step, Coal India will be privatised and its monopoly abolished. We are committed to competitive private sector exploration and extraction of coal, oil and natural gas, in accordance with applicable environmental and health & safety laws. To support the environment, we will require that coal-fired electricity plants set out a transition plan to less polluting and more efficient ones. As soon as possible, even before privatisation is completed, all government controls on energy products and retail prices will be abolished; along with any subsidies.

### **18.5.1.2 Nuclear and fusion energy**

We believe that nuclear energy needs to be significantly expanded, at least till alternative sources of energy become technologically and economically viable (such as solar or fusion energy). It does involve, however, addressing urgent issues regarding cost over-runs, operational safety, storage and disposal of spent nuclear fuel. We believe the latest generation of reactors are much safer than before, but will require the energy regulator to monitor this issue very closely. We will promote proactive approaches to manage spent nuclear fuel, including through reprocessing, and strengthen geological waste repositories (which must be managed directly by the government). Private sector involvement in nuclear energy will require extensive regulatory oversight, particularly regarding operational safety and the safe transport of spent nuclear fuel, and long term storage.

We will also continue to promote fusion research (such as International Thermonuclear Experimental Reactor), since the sooner it can be commercialised, the better for India and the world.

### **18.5.1.3 Renewable energy**

Solar energy is now very close to (or has already become, in some cases) being commercially cost-effective. This is good news for India, which has ready access to the sun virtually everywhere in the country. We do not see any role for the government in promoting solar technology, however. We would expect a natural uptake by the market as people start experiencing the direct benefits.

## **18.5.2 Distribution and retail of energy**

### **18.5.2.1 Transmission grid**

We will privatise the national transmission grid, with a small subsidy paid (until solar energy reaches all parts of India, on a commercial basis) for grid connections to rural areas. Any such subsidies to the grid will be phased out as villages urbanise or become more prosperous. Regulation of the grid will include penal provisions (payable by grid owners) for voltage fluctuations that damage significant machinery or plant.

### **18.5.2.2 Wholesale and retail market**

We will facilitate a wholesale spot market from which retailers can buy electricity in bulk for retail supply to individual customers. Links with the grid that permit customers to sell spare electricity to the grid, and use of smart meters to enable variable pricing and demand based pricing, are expected to evolve on their own as technology evolves.

## **18.6 Public toilets**

Only 46.9 per cent of India's 24.66 million households have toilets, 49.8 per cent defecate in the open, and 3.2 per cent use public toilets. Public toilets are extremely scarce. In the whole of Delhi, for instance, there are 3712 men's public toilets and 269 women's public toilets. We will facilitate – under local government oversight (including, where necessary, through long lease for private owners of the toilets) – the provision of world-class public toilets in sufficient numbers across India.

## 18.7 Disabled access to public infrastructure

27 million persons with disability were counted in India in the 2011 census. A large proportion of them can participate in the economy, with some support. We will aim to equalise their opportunities by reducing barriers that prevent them from reaching their full potential. In particular, we will incrementally make accessible all public places and transportation (irrespective of ownership) to the disabled through regulatory and other approaches.



## Third order functions of government

These are functions a government should not undertake, or avoid undertaking. These are areas where citizens are best placed to conduct their own affairs, with the least (only related to justice/security) involvement of the government.

## 19. Areas where government has no role, or a very limited role

### 19.1 No population policy: freedom will create all answers

High fertility rates result from extreme poverty and desperation. Two factors drive down fertility:

a) lower infant mortality: This assures parents that they do not need to have 'extra' children as insurance, in case some of their children die. Increase in the value generated by educating children acts to reduce the number of children, since educating children is costly; and

b) skill-related economic opportunities: When poor families become hopeful that educating their children is worthwhile (i.e. there are significant returns from education), they shift their limited resources to educating fewer children, instead of spreading them thinly over more children.

As our economic, health and education policies are introduced, infant mortality will fall further and returns to education will increase. These will have significant downward effects on birth rates. These actions do not require any specific population policy. We are against the government intervening directly in decisions about the number of children families choose to have. People's personal family decisions are not a matter for the government to 'fix'.

We do not need to subsidise 'family planning' initiatives. Once the health system is privatised, this matter will be dealt with by the system through market-responsive policies.

#### 19.1.1 Large, well-educated population the ultimate national 'asset'

With the right education and incentives, our large population will produce unparalleled wealth. The size of the population is never an issue. Today, an average Indian woman bears only 2.6 children in her lifetime, compared with 7 children at the time of independence. Even the limited freedoms achieved since independence have made it worthwhile to have fewer, better educated children.

Western nations, with low infant mortality and high educational levels, are experiencing rapidly plummeting populations. They are desperate for more people, proving that well-educated people are an asset, not a liability, to a nation (assuming for a moment that we can consider humans as mere assets). Further, networking and agglomeration effects (including large, competitive markets) – available only with a large population – drive innovation and prosperity.

*A large and well-educated population creates a virtuous cycle for an entire nation.*

#### 19.1.2 Abortion policy

We will continue to permit abortion as an option for women who may so choose. There is a barbaric underbelly of India's abortion policy, with excessive abortion (killing) of the girl child. We will consider any regulatory options to deal with this issue.

In the main, we (currently) believe that this is a social issue that requires significant social reform. Civil society organisations that deal with this issue will be supported through regular tax exemptions.

### 19.2 Enabling people to preserve their own cultural heritage

A government has no role, and is definitely ill-placed to comment upon, or support, any cultural matter. Any question about culture begs basic questions such as: whose culture are we talking of, and why should someone unrelated to a culture pay to preserve it. It is important that people preserve their own culture at their own cost. To help them, we will continue to support civil society cultural institutions through the usual tax breaks.



### **19.2.1 Getting out of ‘managing’ culture**

We will disband all government-operated cultural bodies and scrap any cultural awards funded by taxpayers.

### **19.2.2 Withdrawal of subsidies for religious activities**

As discussed under the religious freedom policy, it is very important for the government to withdraw from subsidisation of religious activities and management of religious institutions.

### **19.2.3 Archeological heritage to be preserved by the people under regulatory oversight**

India’s architectural and archaeological heritage should be preserved by community and private initiatives, under appropriate regulatory oversight. While we will (initially) continue to preserve ancient Indian monuments through the Archaeological Survey of India, most of these should be incrementally transferred back to the people (mainly civil society organisations, but also commercial organisations) with appropriate regulation to require preservation of such monuments. Much of the associated land would be allowed to be put to commercial or other cultural uses. In some cases, an ancient monument may even be permitted to be physically moved, so long as its entire structure is reassembled in the original form and shape.

## **19.3 Sports**

In general, there is no requirement for government to support sports.

### **19.3.1.1 General (not ‘picking winners’) support for sports**

There may be some positive spill-overs of sports. In recognition of this:

- a) we will continue to provide the standard tax exemptions for non-for-profit sports organisations;
- b) we may provide a small contribution for sports infrastructure, such as low cost long term leases of government land for privately built sports infrastructure, where genuine public benefits are demonstrated through an independently assessed business case; and
- c) consistent with our unilateral free trade policy, abolish any remaining import duties on all competitive sports equipment.

Anything beyond that can lead to the problem of ‘picking winners’, which is not the job of government but of the market.

### **19.3.1.2 Regulation of national sports bodies**

People should create and manage sports organisations on their own, based on the dictates of the market. Sports like cricket already do so. Sports that are not supported directly by the market could consider crowd-sourcing through the internet.

There may remain a small (rules setting, not direct management) role for the government in relation to sports bodies that purport to send athletes who represent India in international sporting events. The government’s role would be to ensure that self-declared rules and processes are followed. We will review whether existing frameworks adequately ensure the selection of the best Indian sportspersons for such events and ensure professionalism, integrity and accountability of these sports bodies to the people of India.

We will prohibit the appointment of any government servant to the boards of such bodies, nor will the government have any role in the selection of any sportsperson. This is to remove the frequently made claim of the political influence and favouritism in such selection.

Further, all national sports awards will be scrapped, e.g. Arjuna awards. There is no role for our servant (the government) in picking winners amongst us. We, the citizens, can create our own awards through our own organisations, that are paid for by ourselves, and valued by sportspersons. The idea of our

servant (the government) awarding an accomplished sports person an 'award' using someone else's money, is not consistent with a free, accountable society.

## 19.4 Government awards only for public servants

As noted above, our servant, the government, has no role to pick winners amongst citizens, except as a direct employer. To that extent, gallantry awards for the armed and police forces, and awards to public servants for significant contributions, are within the scope of the government. No other award is within the scope of a government.

We will abolish the Bharat Ratna and all other civilian awards including the Padma, literary and arts awards. Citizens are free to use their private money to form organisations to give out any awards they wish. Such private recognition is also far more rewarding than recognition by politicians, using other people's money.

## 19.5 Science, R&D and innovation

Imbibing the scientific attitude and critical thinking through the educational system is essential if India is to make any progress. This does not require any additional funding over the educational support outlined elsewhere.

There are, however, some very murky issues in relation to R&D, with significant lobbies that canvass taxpayer funding for their personal benefit. We need to distinguish research with commercial outcomes from research that does not have obvious commercial outcomes. There is no direct role for the government in the former, but there may be a small role for the government in the latter.

### 19.5.1 Research and innovation to support commercial outcomes

Most scientific research should take place (as with most research that has been undertaken throughout history) at private expense or through private enterprise, motivated by the commercial motive. There is nothing like the incentive of getting rich to motivate useful research. Without strong commercial links with the market, most research is wasted.

Any government funding for research that has obvious commercial implications both crowds out private funding and transfers funds to people who will patent their findings and get personally rich at taxpayer expense. Worse, bureaucratically selected research projects in areas of commercial research divert funds to grant-writing plodders and mediocre 'scientists' who should not be in the business of research, anyway.

#### 19.5.1.1 Promoting private scientific organisations

As the scientific attitude gets embedded in India's psyche, we expect funding for science to spring forth from private philanthropic efforts that are passionate about new knowledge. We will promote such civil society scientific efforts with the standard tax exemptions for donations. We will also consider providing low cost long-term lease of government land for private (including commercial) science institutes that undertake pure research (with no obvious commercial implications).

#### 19.5.1.2 Increasing market-responsive innovation and commercial R&D

To promote scientific research that has commercial implications we are committed to business spending on R&D of 1 per cent of GDP. To achieve this, we will increase tax deductibility for legitimate R&D expenses and allow start-ups to cash out any R&D tax losses.

Beyond that we do not expect to fund any commercial research. Innovation is best achieved by the government getting out of the way, not through government dole. In any event, a government should never pick winners, for only losers pick government. Successful businesses (like Facebook or Google, for instance) have no time to run after petty bureaucrats, canvassing taxpayer funding. Only losers have time to lobby the government. Such greedy hands of incompetent 'scientists' should be kept out of the taxpayers' pockets.



If ever (in the rarest of rare cases) any government funds are provided to businesses on grounds of supporting innovation, such funds or support must take the form of equity, never a grant.

#### **19.5.1.3 Phasing out government scientific organisations**

We extend an invitation to scientists of Indian origin working abroad to return to India to build the nation. We would expect them to join or establish private organisations, instead of joining the government sector. Where necessary, however, we will ensure that (subject to any security clearance), roles in existing government operated scientific establishments are thrown open to worldwide talent. This can be only a temporary option, however, since we are committed to phasing out all government-operated scientific organisations in three to ten years.

#### **19.5.2 Pure research without obvious commercial outcomes**

It is extremely rare for any justified investment into scientific research by the government. Only research that requires significant up-front costs and for which science does not have any obvious answer, such as fusion energy or space research, may warrant taxpayer funding in the initial stages (although even here, the US experience shows that the best results are achieved by the commercial sector, such as the recent case of SpaceX).

This approach means that we will allocate almost no government money for scientific research, hence have almost no role in this area.

### **19.6 Evidence based approach to man-made global warming**

A small component of the global warming that has been occurring on Earth since the end of the Little Ice Age in around 1850 is attributable to carbon-intensive industrialisation. To date it is not possible to clearly distinguish between natural warming cycles (the Earth is still cooler than it was in the Roman and medieval warm periods) and the effect of man-made warming. There is grossly insufficient evidence to suggest that any small additional warming caused by man's efforts is a cause for concern. It is equally (or plausibly more) likely to provide a net benefit for life on earth by greening the planet and increasing life. There was far greater CO<sub>2</sub> in the ancient atmosphere, which was pivotal to the blossoming of life on earth.

We will take only a firmly evidence-based approach not be party to the exaggeration of the potential harmful effects of any minimal man-made global warming. We will not let India be coerced into taking undue steps to curtail the use of carbon-based energy inputs. Such restrictions will severely harm the potential of hundreds of millions of Indians. We reject pressures from sources such as the IPCC, which tout computer models that have singularly failed to predict the trajectory of observed temperature, despite steadily increasing levels of CO<sub>2</sub> (which, however, remain up to 6 times lower than they were in the past).

We will closely monitor ongoing research undertaken in this area but will not intervene in the market to reduce CO<sub>2</sub> emissions (noting that the market is already, in its self-interest, introducing efficiencies that save costs), till (a) conclusive evidence is found through precise prediction of temperature and other variables, and (b) all developed countries have first brought their per capita emissions down to India's per capita level. The second of these conditions is non-negotiable.

## Outcomes of this agenda for India



## 20. A self-reliant, responsible, free society

This manifesto has not followed the approach of other political parties that focus on ‘supplying’ our so-called ‘basic needs’ or take other such paternalistic approaches towards citizens. These approaches are based on the idea that our government is our ruler, our master, and that we are mere servants of the government. Such approaches arise from the socialist and communist approach to humanity.

We, on the other hand, firmly reject the idea that the government is our master, and make clear that **it is our servant. Every public representative and every government employee is paid by the citizens.** This manifesto is also about changing the culture of India from subservience to the government, to insisting on self-reliance, and demanding accountability from government for the (very few) functions it should undertake.

This doesn't mean that our approach will achieve less ‘basic needs’ than other political parties. In fact, we will create conditions for enormous prosperity, so everyone can meet not only their own basic needs, but aspire even for luxuries, earned by hard work and innovation. We need to get rid of the whining culture of beggary and rise up tall as citizens, in control of our own destiny.

As for those who fail to succeed in the free society despite their best efforts, our approach makes sure that their basic needs are met through the social insurance program, without making them dependent on the government.

The following examples of successful outcomes achieved by following the approach taken in this manifesto, are merely illustrative. There will be hundreds and thousands of other wonderful outcomes for India, once this manifesto is adopted.

### 20.1 Jobs are created by people, not by governments

Productive jobs are created by productive people in an open, competitive economy, where the government is an enabler and facilitator, not a ‘job creator’. Actions outlined in this manifesto will empower the people of India to go out and produce, creating jobs for themselves and for others.

Some of our approaches and actions that support jobs include:

- Priority to sound financial management of the government, including responsible fiscal policy, low inflation, market-determined interest rates and low net debt, thus prompting significant business investment.
- Simple and consistent taxation system which enhances incentives to work, provides strong revenues for government services, and is internationally competitive.
- Support for business as the engine room of job generation, through reduction of unnecessary regulation (while ensuring consumer and environmental protection and the safety of employees).
- Facilitating world-class infrastructure.
- Getting the government out of business through privatisation of PSUs, thereby letting the markets provide better, cheaper and more diverse services.
- Unilateral free trade policy, which is beneficial through the competitive and innovative energy that it generates.
- Encouragement of workplace reform by encouraging employers and employees to build efficient, cohesive, profitable and competitive enterprises.
- Encouragement of competitive markets by monitoring monopolistic behaviour and prohibiting unfair trading practices.
- Building a high quality and internationally competitive education and training system, with apprenticeships to equip people with job-relevant skills, avenues for re-training and re-skilling for the unemployed, and encouragement of life-long learning.

- Encouragement of privately led initiatives for innovation, science and technological development.
- Making India an attractive global destination for investment.

## 20.2 Food, housing and shelter

There is no role for the government in directly supporting anyone's need for shelter. All that is needed is that the poorest of the poor receive a modicum that allows them to manage their life at a frugal level, and bootstrap their future based on the educational opportunities available. People can buy housing services (including renting) at the level they can afford. The market is best placed to respond to such specific needs, rather than the government which can only destroy taxpayer wealth by attempting to provide housing for the poor.

India has a shortage of more than 20 million houses. This can only be met through a combination of income-generating, local government empowerment and land-planning policies – which have been outlined throughout this agenda. (It may be noted that 3D printing has a big role to play in meeting India's housing shortfall, but that the private market will supply the necessary technology).

## 20.3 Education

Except for primary and secondary school education where the government should support the poorest of the poor, the markets, guided by good regulation, can best meet the educational needs of all Indians. We expect world-beating education to be created at all levels in India – once the government gets out of the way.

## 20.4 Health

Except for a systems to care for the health of the poorest of the poor, and guaranteed care (not funding) of everyone involved in traumatic emergencies, the markets, duly guided by good regulation, will cater to the health needs of all Indians.



**Attachment: India's ranking on some global indicators**

Indicator	Rank	Source	Year
<b>FREEDOM</b>			
Press Freedom Index	138/180	Reporters Without Borders	2018
Index of Economic Freedom	130/180	Heritage Foundation	2018
Human Rights Risk Atlas 2011	180/197	Maplecroft	2011
Gender Gap Index	108/144	World Economic Forum	2017
Global peace indicator	137/163	Institute for Economics and Peace	2017
<b>GOVERNANCE</b>			
Corruption Perception Index	81/180	Transparency International	2018
<b>ECONOMY</b>			
Per capita GDP	139/187	International Monetary Fund	2018
Global hunger index	100/119	International Food Policy Research Institute	2017
Global Competitiveness Index	40/137	World Economic Forum	2018
World Competitiveness Scoreboard	44/63	IMD International	2018
Ease of doing business	100/190	World Bank	2018
Global Innovation Index	60/127	INSEAD, World Intellectual Property Organization, Cornell University	2017
Index of Globalization	101/209	KOF Swiss Economic Institute	2018
IT Industry Competitiveness Index	34/66	BSA Global Index	2011
<b>QUALITY OF LIFE</b>			
Where to be born index	66/80	Economist Intelligence Unit	2013
Human Development Index	131/188	United Nations	2017
<b>ENVIRONMENT</b>			
Environmental Performance Index	177/180	Yale University	2018