



**Shri Hasmukh Shah**

Former Chairman & Managing Director,  
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Hasmukh Shah, born on 4<sup>th</sup> October, 1934, obtained his B. A. Degree from Samaldas College Bhavnagar (1955) and Post Graduate M.A. Degree from the School of Social Sciences, Ahmedabad (1957). His first major assignment was a job in a Government of India sponsored project on Collected Works of Mahatma Gandhi where he served for six years. Thereafter he served as Secretary to Morarji Desai before and during his tenure as Finance Minister of GoI. He had the rare privilege of serving as **Secretary to three Prime Ministers of India – Morarji Desai, Charan Singh and Indira Gandhi**. He also served as Chairman and Managing Director of IPCL. He completed his highly challenging service period with distinction.

His subjects of interest during post retirement period have been environment, rural development and tribal welfare, higher education, our heritage and history. He served as Chairman Gujarat Ecology Commission, Gujarat Institute of Desert Ecology, Darshak Itihas Nidhi and National Institute of Design (NID). He is currently the President of *Charutar Arogya Mandal*, a major healthcare project successfully launched by Shri H.M. Patel. He has also been associated on the board of directors of a large number of Companies either as Chairman or as Director. He has travelled the world over with his abiding interest in the culture and civilization of various countries.

**Published by**

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Opp. Nanadalaya Temple, Post Box No. 24,  
**S. P. University, Vallabh Vidyanagar 388120,**  
Dist. Anand, Gujarat, India.

**H. M. Patel Memorial Lecture**  
(on February 7, 2014)

**Independent India:  
Good Governance-Aspirations  
& Reality**

by  
**Shri Hasmukh Shah**  
Former Chairman &  
Managing Director, IPCL



**H. M. Patel Institute of Rural Development**  
**SARDAR PATEL UNIVERSITY,**  
Vallabh Vidyanagar, Dist. Anand, Gujarat, India

Published in March 2014



## H. M. Patel Memorial Lecture 2014

### ***About the Institute and Lecture:***

As the Post-Graduate Department of Economics and the Agro-Economic Research Centre (AERC) have been working in close collaboration for several decades, the Sardar Patel University has put them under the common umbrella of the H. M. Patel Institute of Rural Development in order to help them to work together which will be mutually beneficial to both of them. The H.M. Patel Memorial Lecture is instituted by the H. M. Patel Institute of Rural Development with the help of generous endowment grant given by Dr. Mahesh Pathak (Hon. Adviser, AERC).

### ***About the PG Department of Economics:***

The Sardar Patel University was established with a view to serve the cause of rural transformation. Hence, ever since its establishment in 1958, the Post Graduate Department of Economics has given rural bias to its teaching and research programmes. Recognizing the past record, the UGC also identified agriculture and rural development as thrust areas for the Department and awarded its Special Assistance Programmes for three consecutive phases of five years each. The Department also received Rs. 40 lakhs from the UGC under its ASIHSS (Assistance for strengthening Infrastructure in Humanities and Social Sciences) programme. During its long journey of more than five decades, apart from providing rigorous teaching at the Post Graduate level, the Department has prepared more than 100 project reports and guided 43 M. Phil and 50 Ph. D. students. Recently, UGC has recognized this Department as Centre of Advanced Studies (CAS) in Economics.

### ***About the Agro-Economic Research Centre:***

The Agro-Economic Research Centre (AERC) for the states of Gujarat and Rajasthan was established in July 1961 at the Sardar Patel University, Vallabh Vidyanagar by the Directorate of Economics and Statistics, Ministry of Agriculture, Government of India, New Delhi. AERC has been working as an associate institution of S. P. University and enjoying autonomy status in its working. The Centre has completed 52 glorious years (1961-2013) of its journey marked by both achievements and challenges. During these years, the Centre has emerged as a strong policy feedback centre of the Ministry of Agriculture, Government of India due to hard work and strong commitment of the staff in the Centre. The Centre has by now completed 152 problem-oriented studies, 21 village surveys and 4 village resurveys. The studies have come out with useful findings and policy implications for agricultural and rural development of the states of Gujarat and Rajasthan.

## H. M. Patel Memorial Lecture (On February 7, 2014)

# Independent India: Good Governance- Aspirations & Reality

by

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Former Chairman &  
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**Sardar Patel University,**  
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## **Independent India: Good Governance- Aspirations and Reality<sup>1</sup>**

I feel honored and privileged to have been asked to be the first speaker of the H. M. Patel Memorial Lecture organized by the H. M. Patel Institute of Rural Development. It is in the fitness of things that the Post Graduate Department of Economics and Agro-Economic Research Centre (AERC) have jointly organized this lecture in memory of H. M. Patel whose contribution in nurturing both these institutions was immense. It is also in fitness of things that the first H M Patel Memorial lecture is on Good Governance- a quality he embodied and exhibited in ample measure throughout his career of over six decades.

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<sup>1</sup> The first H.M. Patel Memorial Lecture delivered by Shri Hasmukh Shah at H.M. Patel Institute of Rural Development, Sardar Patel University, Vallabh Vidyanagar, on February 7, 2014.

This lecture was organized jointly by the Post Graduate Department of Economics and Agro-Economic Research Centre (AERC) of Sardar Patel University, Vallabh Vidyanagar.

For me, personally, it is a matter of great satisfaction that my friend Professor Mahesh Pathak, who has headed AERC for over three decades, has been responsible for instituting this Lecture through a generous personal contribution. Aware of my inadequacy to address the issues in governance, I succumbed to my friend Prof Mahesh Pathak's gentle persuasion only because I held HM Patel in very high esteem. He stands out, even today, for qualities of head and heart: first, as a civil servant and then as a public persona- and even more, as a great citizen of India.

There has been no other civil servant like H M Patel who, when left to fend for himself as his minister was resorting to untruths, and passing the blame on this great man, chose to walk out of a prestigious post in the government on principle. HM Patel's real character was seen when, shunning all offers, he chose to settle down in home district as a private citizen starting a new and humble career in his mid-fifties. I need not recount his services in areas of education and healthcare in this land, before this audience.

His abilities were well recognized. Once I had the chance to listen to some outstanding civil servants such as B K Nehru and K B Lall whose refrain was: There is only one H M Patel. Besides narrating various stories about HM, to use their

fond address for him, they said that no other civil servant held the administration together as he did at the time of Partition.

He was the first Cabinet Secretary, first Establishment Officer, in-charge of bringing peace to a riot-torn Delhi and was the leader of the Indian team responsible for division of assets between India and Pakistan.

The division of state assets ranging from Railways, Pensions, Capital City of New Delhi, Buildings, Uncovered Debt, Ordnance Factories, Assets of British Government and even Government owned Security printing presses was handled with great tact and abiding sense of fairness. He was only 43 at the time.

HM Patel distinguished himself in whatever role he chose to play or was entrusted to him. A voracious reader, he reviewed two books a week on All India Radio in early 1940s. He was the first president of Delhi and District Cricket Association. Whether a student, friend or a young district officer in a remote corner of Sind, HM Patel distinguished himself.

His second innings, upon leaving the government started at the grassroots. It was a glorious innings. His greatness came to the fore as an

ordinary citizen. He renounced positions of great power and preferred to head a village Panchayat. He also created multiple institutions in the fields of education and healthcare. He was later elected as a Member of Parliament, as a true representative of the people.

He was not a politician in the classical sense of the term. But politicians too respected him. I had the privilege of observing him from close quarters and was witness to his extraordinary prowess in governance. He was a natural leader in tough situations who could collaboratively rally different interests with harmony. 1978 was a difficult year for power supply in several states, more so in Gujarat. The situation was precarious everywhere. The trains ferrying coal from coal-mines to various states were being diverted and even hijacked. Gujarat was at the end of the chain. Rakes laden with coal were hijacked on the way by other states. Makrand Desai, the Energy Minister of Gujarat was virtually camping in Delhi. The Prime Minister, aware of the situation, and also concerned about some other issues such as dock strike, coal movement, railways, shipping and transport said: constitute a cabinet committee on infrastructure with all ministers holding economic portfolios as members. When asked who would be its chairman, the monosyllabic reply was: HM.

HM Patel immediately took charge and laid down the procedure. The committee would meet once a week with detailed proposals incorporating views of concerned ministries. With HM Patel as chairman of the Cabinet Committee, everyone came prepared. There was no irrelevant talk or whispers. Week after week, progress was monitored. Decisions were taken. Action was immediate. Within just a few weeks, quite a few of the problems were effectively addressed. Though not a politician, as we understand the term, he was respected and heard by all ministers due to his wide knowledge, impartial approach, fairness in dealings, and above all, his sagacity. HM Patel was held in awe. I had the privilege to see governance in action week after week.

The subject of today's lecture has been appropriately chosen as HM Patel personified good governance.

There are several definitions of good governance. Al-Rodhan, Kaufman, Thomas and others have worked extensively on this subject. Institutionally, international bodies such as UN, IMF and World Bank have sought to define it. By and large the definition includes rule of law, participation, accountability, transparency, equity, independent media, efficiency, etc. Democracy is a precondition of good governance. Almost all the research and

studies on good governance are based on a Western worldview. It needs to be remembered that there have been good governance in regimes other than western democracies and, as we know, there are cases of poor governance in western democracies as well. In India, long before management education and western think tanks sought to educate us on good governance, we had our own definition of the concept.

In India, our popular concept of good governance is based on ancient texts that dwell on the subject of *Raj Dharma* where a king has his duties towards his subjects. *Rama Rajya* in its comprehensive sense is *Raj Dharma*- or the duty of the kings. In two words *Rama Rajya* tells us what good governance is. Good governance is not an alien concept but one steeped in our collective cultural past. A free translation of a relevant verse from the Ramayana is as follows: "As he (Shri Ram) was incorruptible, people were prosperous: as he provided them complete security, they were able to engage themselves in creative and productive activities; as he offered them leadership by example, he was like a father unto them; and as in their hour of distress he was by their side to wipe their tears, he was like a son." The values of good governance are inherent in every culture and we, in India, have a deep understanding of this.

In this lecture we are dealing with the subject of good governance in Independent India. Let us divide the period over 7 decades into 5 distinct eras based on the challenges and circumstances of each and governance response thereto.

### **1. 1947-1950**

This was the period of trauma and turmoil. New leaders holding high offices did not have experience of governance. They had agitated, rallied, delivered speeches and inspired people to fight for freedom. But the art of governance requires a different understanding and skills, and carries a greater responsibility. All along in their fight for freedom these leaders had undermined the importance of bureaucracy, even criticised it using derogatory language. Now was the time for the leaders of a new democracy to trust the Indian bureaucracy, seek their counsel and function through them. It was an extraordinary situation, not just at the center, but at the state level as well-which were headed by 'raw' leaders. It would be fitting to mention the exception- Sardar Patel, who had learnt the complexity of governance as President of Ahmedabad Municipality. More importantly, he had successfully run campaigns in Kheda and Bardoli that were of a scale that called forth tremendous capability and skills in communication, organization and implementation.

The problems facing a young democracy were monumental: division of assets between two nations; maintenance of law and order when daily killings and arson were increasing; when there was sense of vengeance in the air with horror stories coming from across the new border; refugees had to be looked after; migrating Hindus and Muslims had to be protected; services and supplies had to be continued; and, arrangements had to be made for safe passage of those who opted to become Pakistani citizens. Similarly, incoming Hindus were to be rehabilitated. All this apart from the day -to- day functioning of the state!

Looking to the chaos and inexperience in governance of the new leadership, the veteran civil servant V P Menon urged Mountbatten, who was then in Simla, and still in independent India as a Governor General, to return to the capital. The erstwhile Viceroy asked Menon if the Prime Minister and the Deputy Prime Minister wanted him. Menon, perhaps without asking either of them, replied that if he delayed any longer there may not be a capital left and his intervention was urgently needed. Mountbatten came to Delhi and immediately took charge with great ability and tact heading an emergency committee to handle the law and order situation. HM Patel, who had ensured smooth division of assets in record time

for the new nations, and also being Cabinet Secretary was the obvious choice to function as secretary of the committee. Again, HM Patel was already in charge of law and order in Delhi with some competent young officers to assist him. Mountbatten chaired the emergency committee for day today monitoring of the situation securing full cooperation of armed forces and their resources. With a systematic approach, peace was brought to Delhi in a few weeks. The leaders in government must have learnt lessons in governance the hard way.

Immediately after Independence, other critical issues besides law and order to be tackled were: guarding of borders, the raiders from across the new border had reached the outskirts of Srinagar (again, HM Patel was to ensure airlifting and other logistics for troops to reach Srinagar before the capital of J&K was taken ); formulation of a foreign policy; rebuilding of truncated civil and military services; and integration of over 500 princely States with the India Union- a mammoth task demanding will, determination, firm handling, diplomacy, generosity, quick action and gaining trust that apparently only Sardar Patel possessed.

There were some humorous interludes that can be shared. In our anxiety to get things done, the

list of names of the first cabinet of India sent to Mountbatten was hurriedly cobbled together and a sealed envelope was sent. When Mountbatten opened the envelop, it was empty- the list had been forgotten!!! In another incident, the new Indian government having accepted the Westminster model of governance looked up to Britain for guidance in matters such as role and functions of cabinet secretariat or setting up of a diplomatic service. When it came to the military, Nehru thought of obtaining services of a British General to head the Indian army when General Roy Bucher, then Commander-in- Chief of Indian army, was to retire. He was concerned that no Indian officer had the experience of leading a large army. In a meeting, when he mooted the idea, Major General Nathu Singh Rathore, the second Indian to go to Sandhurst and a confirmed maverick, sought permission to speak. He said: we do not have a prime Minister with prior experience. Why not get someone for that position as well? There was stunned silence. A point was made. Nehru then asked if he, Major General Rathore was up to the task himself. At which, he politely replied that there was quite a capable senior to him- Lt. Gen. Cariappa. Thereafter, no British General was needed in the Indian army

Most importantly, during the short period, India gave a constitution to herself. It remains one of

the finest documents drafted by some of the brightest minds and debated by scores of farsighted people who knew their society and country well. It is a treat to read the debates of the specially constituted Constituent Assembly. The clarity of thought, careful articulation, breadth of vision and free expression of views by its Members shows a rare concern for nation building.

Truly, in this short period of three and half years India saw the best model of good governance.

Let us now move on the second distinct era with its own set of challenges –the 1950s.

## **2. 1950s**

With the passing away of Sardar Patel in 1950 and a gradual withdrawal of some senior leaders such as Rajaji, Kher, Ravishankar Shukla, Bardoloi and others, Nehru became the unquestioned leader of the Congress. There was no other unquestioned leader at national level to challenge his authority. Two senior leaders who remained in office – Dr BC Roy of West Bengal and Shri Krishna Sinha of Bihar – had no interest beyond their own states. The centralization in power that played out in politics played out in managing the Indian economy as well.

India adopted centralized planning and macro-economists such as Mahalanobis and others were the early proponents of a centralized model of economic development. This has continued till today. GDP, as a performance metric of development, became our God. Barring some exceptional efforts in the development of small and cottage industries and rural development programmes; all focus was on large developmental projects. The brighter civil servants were drafted for economic ministries; matters such rural development, cooperatives, panchayati raj, health and even education were not coveted by civil servants and even by ministers. A posting in these areas almost always conveyed a meaning – it still does today. There were few takers even for regulatory functions much to nation's peril.

The other major decision in this decade was the adoption of non-alignment in external relations. The hawkish post-war America under the military leadership of Gen. MacArthur left no options for any self-respecting nation. MacArthur was relieved of his charge by Truman but the spirit remained. Joining one of the American defense alliances such as SEATO by a country of India's size was expected. Perhaps it was the combination of Nehru's Fabian Socialist past and Krishna Menon's influence, India's geo-political



compulsions and the needs of a new undeveloped economy with high levels of poverty that led to the adoption of a left leaning, pro-USSR ideology. USA quickly neutralized Soviet influence in the region by becoming a staunch ally of Pakistan a bond that transcended dictatorships and terrorism to remain strong to this day. Palmerston, the Victorian Prime Minister of mid 19th century, said it well when he stated: Britain had no eternal allies and no perpetual enemies, only interests that were eternal and perpetual. Perhaps India could have re-examined its interests through our history and changing dynamics and revised strategies rather than being stuck to one without consideration for where our interests lay.

On the economic front two major initiatives facilitated growth of industrialization and agriculture. These were the Industrial Policy Resolution of 1956 and land reforms adopted by most states. The public sector and heavy industries came to stay. So did the culture of big irrigation projects. Rural India continued to get low priority.

Towards the end of the 1950s, Swatantra party, a centre right party, became the first one to challenge central planning and advocating liberal values.

While crises management was the need of the hour in the three years after freedom; stabilization of governance: both administrative apparatus as well as processes – was witnessed more in this decade

### **3. 1960s**

In this era, the Indian government came under severe pressure. The Chinese aggression gave a body blow simultaneously to India's foreign policy, weaknesses in defense and overall morale. The 1965 war with Pakistan also exposed chinks in our armour. Nehru no longer led the country after Chinese aggression. He was a broken man. The country had to learn to live without him. After his death in 1964 the Congress party split within a matter of five years. Seeds of small regional parties were sown. Personal egos and ambitions gained supremacy over national interests. Nehru ensured dynastic rule in Indian democracy. While beginning of the decade saw adoption of a 'socialistic pattern of society' the end of decade saw the subtle shift more left of the centre. Central planning and programmes continued. Economic priorities remained unaltered.

The last of the ICS and the maturing set of IAS and other services kept administration in good

shape. Political turmoil did not affect routine governance.

#### **4. 1970s**

Following the split in 1969, Indira Gandhi's seniors in Congress party could not rebuild their faction of the party. Swatantra party's presence was felt but it was numerically a marginal party having bagged only 18 seats in Lok Sabha in 1967 and become irrelevant by the time of 1972 election. Moreover, it's leadership lacked vigour and dynamism. It also could not catch the imagination of masses being a right-wing party. Jan Sangh had not emerged as a force.

The state chief ministers were chosen by Indira Gandhi. By the beginning of the decade she was fully in command. Bangladesh's independence, in which India played an important military role, became a major event of the decade. India's commanding position on western front and her victory over Pakistan became a high water mark of Indira Gandhi's political career, both nationally and internationally.

The centre become strong. To sustain power, institutions were weakened. Search was for committed civil servants. Loyalty and consequent favoritism became order of the day. There were

ministers and officers who did not mind taking dubious decisions to curry favours. Corruption followed. Dissent was smothered. But there were some leaders like Jay Prakash Narain, who inspired people to raise their heads against injustice. When people's defiance could not be contained, Emergency was imposed. All important leaders in opposition were put behind bars. Five years between Bangladesh war and lifting of Emergency and Indira Gandhi's defeat in 1977 elections was a period of reaching all time low in good governance.

All the same there were some achievements. The Green Revolution was the gift of this period. Science and technology got enormous support. Revamping of some public sector units and general reforms there, improved productivity. But this did not bring overall prosperity as the restrictive regime of license and quota continued breeding corruption and becoming a demotivating factor for any enterprise.

The magnificent birth and the quick fading away of Janata party has been a sorry chapter of this decade, perhaps of Independent India. With a huge mandate at the election, the alliance of five not-so-dissimilar parties comprising of honest and experienced people could not create a seamless whole! Janata party's performance on all fronts

was commendable. This was perhaps the most competent cabinet of free India. But deficit of statesmanship, personal egos and ambitions of some major participants, some blown up contradictions, poor communication skill and inability to cope with wily manoeuvres left this experiment in shambles. A dream of the nation was shattered.

Obstruction of parliamentary process as a routine occurrence began in this decade. Often Parliament could not function in cases of dissent. The tradition of scholarly and reasoned debates was waning and disruption became the order of the day.

Indira Gandhi returned to power with an extraordinary land-slide majority. People forgave her transgressions and voted for stronger government than had been displayed by the Janata party's squabbles.

## **5. 1980s onwards – to present day**

Over three decades have shown us that the decline in good governance has been more or less a continuous process. This section is not a cheerful one.

Indira Gandhi's confrontational politics as opposed to Nehru's policy of accommodation (He once stated in Lok Sabha: there is nothing final in democracy) unfortunately led to her assassination creating a huge void in Indian polity. India has yet to recover from that loss. No Prime Minister's writ has run as effectively ever since. Rajiv Gandhi's thumping majority following his mother's tragic death did not lead to any substantive recovery. Narasimha Rao and Vajpayee lasted their full terms. In the circumstances they were placed in, they did fine tight rope walking. Rao had detractors in his own party; Vajpayee had to survive with constraints of a coalition. There is little to speak about of other leaders. Elected representatives ceased to be legislators. Ministers abdicated their role of policy formulation and took over the role of executives with the result that executives are no longer responsible or accountable for any acts of commission or omission. Dilution of authority and redundancy of Parliament caused by political parties, have weakened the Indian state. Over time, governance has suffered and with that the citizen, the poor one more. Finally, a stage has come when virtually there has been hardly any governance. States too, barring some good periods here and there, have fared no better. Rarely a state is willing to take an essential but difficult decision. Populism is the

only criteria of survival. Corruption has been corroding the vitals of Indian administration.

Law and order has reached a new low. Naxalism is treated as a local problem though it has engulfed vast areas of the country. Rather than going into root causes of Naxalism it is treated as a law and order problem. A dialogue with sociological and economic understanding of their grievances is overdue. Political process in Kashmir has almost come to a halt. North-east continues to be remote. Crime against women is a daily occurrence. Horror stories no longer cause an outrage.

Demographic dividend threatens to become a nightmare. Poor quality of education leads to unemployable youth. While 3.7 crore people in the organised sector (with 69% of them in public sector) are a privileged lot, those in the informal sector and the unemployed are perpetually insecure.

On the economic front we had a brief sense of euphoria following 'reforms'. The burgeoning middle class appeared to give shine to our economy. Also, there was hope of a percolation effect. Consumer goods were in great demand. The white goods and automobile sectors were booming. Recent per capita income assessment of Rs. 5729 per month would make us smug. But

once we look below the surface what do we find? Population has almost doubled from 68 crore in 1981 to 123 crore in 2013 and its stabilization nowhere in sight.

The economic model we adopted in 1950s demanded a shift in emphasis from rural to urban decentralized economy. As a result rural India's growth became slower in terms of entire gamut of human index. Income disparities increased. BPL families are still at 21.9 per cent (Planning Commission) or 29.8 per cent according to Mundi index (2010 estimate). Small and marginal farmers live at subsistence level for want of appropriate technology. 67 per cent avail of heavily subsidized food grains. Safe drinking water is for 84 per cent of people but higher incidence of water-borne diseases and skin afflictions remain high. A toilet is available to only 33 per cent people. The large dams hold 28 per cent of water of what they were designed for. Rather than looking at the planning model fundamentally exploring grass root level development as a strategy, patchwork is attempted. The examples are NAREGA, special allocation for water, writing off of farmer's debt, subsidized food grains and NURM.

In the midst of various areas of concern, some good developments are giving hope. Civil society

organizations are broadening their base, reaching out to various sectors of our society, including the political. Several of them have shown way over the years. Contribution of milk cooperatives is a case in point. With modest investment people have created a revolution. What SEWA has done for employment and empowerment of women is known to us. Simple villagers of Saurashtra have brought about significant change in water security at low cost through check dams, khet talavadi and well recharge. These were the people who resorted to Satyagraha and succeeded against an industrial house to save their water which regenerated land. RTI, a people's initiative, has become a shot in arm to fight against injustice.

A simple and honest man from Ralegaon Siddhi led a campaign against corruption that has now become a political movement. For the first time the well educated and the well off have left their armchairs to join Anna Hazare.

While the political class is unmindful of the need for an alternative economic model, or for a responsible and responsive government and threats to democracy, a newly assertive civil society is giving us hope. The recent figures show that there is a NGO for every 600 people in India. Even if one in ten is actively functional it has potential to bring about a change.

It will be interesting to see if new trends in governance emerge in the coming decades.

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