

# **CONTENTS**

## BOOK REVIEW

**Those Who Left** 4-6

## CORRUPTION

**Perils of becoming a republic  
of scandals** 8-12

## E-GOVERNANCE

**Click here for public services** 14-16

## ECONOMIC DEVELOPMENT

**The return of the Asians** 18-23

## JUDICIARY

**Submission of suspicion** 25-28

**I never suggested judiciary is  
corrupt: Attorney-General** 29-30

## POLITICS AND GOVERNMENT

**What will 2010 Bihar poll results lead to?** 32-34

**Undermining Parliament** 35-43

RURAL DEVELOPMENT

**'Keep UID out of MGNREGA'**

**45-47**

URBAN DEVELOPMENT

**Delhi tops 2010 ranking of India's  
most competitive city**

**49-50**

# **BOOK REVIEW**

INDIAN EXPRESS 4.12.10 BOOK REVIEW

**Those Who Left**

Saubhik Chakrabarti

**DIASPORA, DEVELOPMENT, AND DEMOCRACY: The Domestic Impact of International Migration from India**

**DEVESH KAPUR**

**Oxford University Press, Pages: 325, Rs 695**

A banal tale from when this reviewer had completed his Master's — everyone in his class, economics, JNU, everyone from Delhi School of Economics, everyone from everywhere it seemed, although a few were exceptions, were applying to study abroad. This is so banal because the same story applied to many graduate/ post-graduate classes before this reviewer's and to all those which came after. But did any of us think this banal story may have an extraordinary dimension? That skilled, relatively socially privileged Indians going abroad and staying there may have made it easier for the socially disempowered Indians to enter the Indian political establishment and stay there?

The argument that international economic migration from India was a factor in domestic political empowerment is among the most

fascinating arguments of this very good book. The social elites' exit option, as Devesh Kapur calls it, made social non-elites' entry options in politics easier. Had a lot of well-educated, rich, upper middle class, middle class boys and girls stayed home, would socially disadvantaged groups have found it tougher to get political space? Educated Indians who have stayed at home and who often complain about lack of "quality" in politics should find this a provocative premise.

Kapur's thesis, actually quite a few distinct theses, has many more dimensions, of course. He investigates not just skilled migration but also unskilled migration. His data work on the Indian diaspora is superb. Even readers who don't have professional interest in how social scientists go about building the empirical foundations of their work should find it easy to understand and admire Kapur's data-hunting and data-interpretation skills.

The author, as you would expect, spends considerable time on the brain drain/brain gain issue and the insights are valuable for public policy. Obviously, when you look at Bangalore, you think of the positive effects of the diaspora. But look at our health care centres. They are terrible maybe because with so many doctors emigrating, and the natural tendency of the better quality of the stay-at-homes being to specialise, there aren't enough, decent, quality primary health physicians. On the other hand, the competition for the necessarily few exit options may also raise general skill levels among student populations. All of these are interesting arguments and policymakers must pay attention to these. The quality of teachers in higher education, or the lack of quality, may have deep

links with emigration volumes.

I found Kapur's discussions on the foreign investment/remittances/NRIs question somewhat underwhelming by the standards of the rest of the book. Not a whole lot new or intellectually stimulating there. That India's flourishing diamond industry — apart from more obvious examples — is in part a result of positive spillover from emigration is more or less well-understood. Even so, the sections on these issues are still probably the best analysis/data interpretation available on the subject.

A wonderfully insightful last section in the last chapter, "Spatially Unbound Nations", should not be missed. This deals with how international migration has shaped notions of citizenship. And within that discussion is a sub-discussion on internal migration, movement of Indians within the country, and the political tensions they can generate. Kapur quotes B.R. Ambedkar and Indira Gandhi. Speaking at different times, both of them supported the notion of common citizenship but both took note of "local concerns" and "sons of the soil" arguments. Kapur notes that courts, which have had to deal with the legal fallout of many of these tensions, haven't provided a coherent argument either, given that there's "rank political opportunism" in such cases. Surely, this failure over time of the political/judicial class must be partly responsible for what's happening in Maharashtra now, for example?

Many more such questions, equally important and interesting, suggest themselves after the reader finishes Kapur's book (don't ignore the appendices; they give an excellent idea of how to do good data work). And the ability to provoke such questions is the book's

biggest virtue.

Devesh Kapur's book should produce at least a couple of more excellent political economic studies.

## **CORRUPTION**

## HINDU 7.12.10 CORRUPTION

### **Perils of becoming a republic of scandals**

Brahma Chellaney

*Corruption, No. 1 national security threat, is eating into the vitals of the state, enfeebling internal security and crimping foreign policy.*

India confronts several pressing national security threats. But only one of them — political corruption — poses an existential threat to the state, which in reality has degenerated into a republic of mega-scandals. The pervasive misuse of public office for private gain is an evil, eating into the vitals of the state, sapping India's strength. When important decisions, from arms procurement to policy changes, are often tainted by corrupt considerations, it is inevitable that national security will get compromised. If India today is widely seen as a soft state, much of the blame must be pinned on the corrupt and the compromised that lead it. Such 'softening' of India has made the country a tempting target for those seeking to undermine its security.

India's situation is best explained by an ancient proverb, "A fish rots from the head down." When the head is putrid, the body politic cannot be healthy. And when those at the helm remain wedded to grand corruption, clerks or traffic police cannot be singled out for taking small bribes. In fact, it is the self-perpetuating cycle of

corruption at all government levels — federal, State and local — that has turned internal security into India's Achilles heel. As the then Chief Justice of India pointed out last year, the plastic explosives employed in the deadly 1993 Mumbai bombings had been smuggled into the country due to local corrupt practices.

But it is the institutionalised corruption in high office that is eviscerating the republic. When domestic policy is seriously stained by corruption, foreign policy can hardly be dynamic and proactive.

Such is the weakening of the state that India did a better job warding off regional security threats when it was economically weak — like during Indira Gandhi's reign — than it is able to do today, despite nearly two decades of impressive GDP growth. Economic liberalisation, paradoxically, has whetted personal greed and brought in an era of big-bucks corruption, even as a system of arbitrary environmental stoppages and clearances has taken the place of the old “licence-permit raj.”

India now is witnessing not mere corruption but national plunder. The consequence is that it is getting feebler institutionally. Yet scandals remain so recurrent that public ire over any malfeasance is short-lived. Indeed, one strategy often employed to ease public anger over revelations of a new mega-scandal is to start targeting second-tier corruption selectively. The misuse of government agencies remains rampant.

Corruption scandals now actually resemble television soaps, with engrossing but diversionary plots. To deflect public attention, the focus in the immediate aftermath is always on government processes related to probing a scandal, not on opening judicial paths to identify the real beneficiaries and quickly recover the loot. The latest scandal over the government's allotment of second-generation telecom spectrum in 2008 falls in the same category, although the putative

loss to the national treasury has been estimated at \$39 billion, or 14.3 per cent of India's total current external debt. The sheer scale of this kickback scandal indicates that multiple political interests must have had a hand in the till. If there is any good news, it is the belated appointment of a clean professional as Telecom Minister.

Make no mistake: The spiriting away of billions of dollars to international financial safe havens constitutes more than criminal wrongdoing. When economic contracts are signed or policy decisions taken so as to net handsome kickbacks, it constitutes a flagrant assault on the national interest. India ranks among the top countries whose stolen national wealth is stashed away in Swiss bank accounts. Yet no Indian politician has ever been convicted and hanged for waging such war on the state.

Let's be clear: Corruption stalls development, undermines social progress, undercuts the confidence of citizens in the fairness and impartiality of public administration, impedes good governance, erodes the rule of law, distorts competitive conditions in business transactions, discourages domestic and foreign investment, fosters a black market economy, and raises new security threats. In sum, corruption obstructs a country from realising its goals and undercuts national security.

The cancer of corruption has alarmingly spread to elements within the two institutions that are central to the country's future — the judiciary and the armed forces. Recent revelations have highlighted the deep corporate penetration of the major political parties and the manner big business influences policymaking and media coverage. The rot in the media — the nation's supposed watchdog — stands exposed. In fact, even the integrity of the national Padma awards has been badly vitiated.

But nothing illustrates the corrosive effects of the culture of

corruption better than the palpable decay of state capacity. India's economic dynamism is rooted in its private sector-led growth. But in stark contrast to China, India does poorly wherever the state is involved. The deterioration of the state is the principal constraint on India's ability to secure its interests. That underscores the national-security costs of widespread corruption.

Today, a self-advertised “incredible India” has no articulated national security strategy, or defined defence policy, or declared counterterrorism doctrine, yet it is the only large country dependent on other powers to meet basic defence needs. Instead of seeking to build a first-rate military with strategic reach and an independent deterrent, India has allowed itself to become a money-spinning dumping ground for weapons it can do without. As a result, India has emerged as the world's top arms importer in the past decade, even as its capacity to decisively win a war erodes.

The defence of India indeed has turned into an unending scandal. Even indictments by the Comptroller and Auditor-General (CAG) have made little difference to the manner arms continue to be procured from overseas. Such imports, often clinched without transparency or open bidding, are a major source of political corruption.

India shows that the more corrupt a system, the greater will be its corrupting power. A corrupt system quickly corrupts those who enter it, fixating them on the lure of kickbacks and on amassing pelf. Such metastasising corruption cannot be controlled simply by public funding of political parties. After all, much of the big-bucks corruption is designed to line one's pocket, with no seeming limit to personal greed. In fact, the series of scandals during the Atal Bihari Vajpayee-led government — from bribery-influenced arms imports and \$1-billion urea contract with Oman to the loss of hundreds of millions of dollars to the state in allowing private mobile telephone

operators to shift from fixed licence fees to revenue sharing — served as a reminder of the growing concentration of powers in a few hands and the consequent disdain for integrated, holistic policymaking.

As in other national security challenges, the principal causes of rampant corruption are leadership deficit and governance deficit. The only way corruption can be contained is through integrity of leadership; improved governance; measures to ensure fiscal transparency; strengthened anti-bribery enforcement; government accountability; and active public involvement. The independence of investigating agencies is a prerequisite for developing an anti-corruption culture in politics and business. Yet in India, these agencies are controlled by those whom they are supposed to keep in check or investigate when a scandal unfolds. Even the vigilance system lacks autonomy and is open to manipulation.

With corruption, nepotism and cronyism now endemic, Indian politics has become the safe, fast track to wealth. India freed itself from British colonialism only to come in the grip of an indigenous political class ruling the country on colonial-style principles and still functioning from colonial-era structures. It may take a second war of independence for India to gain true freedom from exploitation and pillage.

( Brahma Chellaney is the author, most recently, of *Asian Juggernaut* – HarperCollins USA, 2010.)

# **E-GOVERNANCE**

TIMES OF INDIA 5.12.10 E-GOVERNANCE

**Click here for public services**

Yamini Nair

Aditi Ray, an advertising professional in [Bangalore](#), was pleasantly surprised when she applied for a passport online. She found the process smooth and orderly. "After choosing my interview time and date and with all my papers in order, I went for my interview. It lasted just 40 minutes. No touts, no delays," she happily recounts.

Deepanjali Bhas would agree. She normally lives in [Delhi](#) but just last month, applied for passport renewal in Bangalore. She was impressed by the [Passport Seva Kendra](#), describing "everything" as very "well laid-out". She adds that "the staff was pleasant, there were refreshment and photostat facilities and even a baby care room".

But not everyone is so satisfied with the union of official and online. Chennai student [Sumayya Rasheed](#) complains that the UGC offers the chance to apply online for the National Eligibility Test and Junior Research Fellowship, even as it insists hard copies of documents be submitted. "This defeats the purpose of online application," she says.

Having said that, the Passport Kendra that floored Deepanjali Bhas, shows the way to go. It is a pilot project in collaboration with [Tata](#)

[Consultancy Services](#), is just one of many technological initiatives by the Central and state governments to transform the lives of citizens. For some, it is blissful to forget the old days – of long queues and multiple visits to government offices.

One of the early success stories was the online railway booking service. Today, more tickets are booked in this way than at reservation counters. The PAN card can be applied for from the comfort of your home; phone bills paid; bank balances checked and income tax returns filed. Many of these online tasks can be executed using any of the various payment options – debit card, credit card, netbanking.

Pratyush Jatwani, who works in marketing in Bangalore, says he pays his telephone bill online, checks his cash balance with SBI on the net and pays property tax through the Municipal Corporation website. "They are all very user-friendly," he says.

But Riyad Rasheed, CEO of IT company dWise Solutions & Services, says some of the early movers, like the railway booking website, have allowed themselves to get decrepit. He suggests a major revamp, with a "smart use of IT solutions". Rasheed offers an interesting example: "It is technically possible, for example, to buy platform tickets on the mobile by sending an SMS."

For now though, Suresh Kaimal, who works in finance, says he is happy he never has to queue for a railway ticket. "(The website) is good though slow at times," he says. Of course, railway bookings are one of the most obvious services to go online. Some states have started to think about doing much more and Karnataka is one of those that has actually done so. The BangaloreOne project, for example, allows people to pay electricity, water and phone bills online; apply for bus passes and birth and death certificates. It has become a huge success, says [Kumudavally H S](#), assistant director in the directorate of electronic delivery of citizen services. He reels off the numbers: "The number of users of

BangaloreOne centres increased from 19.31 lakh in 2005-06 to 96.09 lakh in 2009-10." He adds that the city plans to increase the number of one-stop online centres "from the current 65 to 100, and also have vans – 'B1 on Wheels' – on the outskirts."

E-services can be of great help to villages as well. The Agricultural Marketing Information System Network, an online initiative by the directorate of marketing and inspection, links important produce marketing committees, state marketing boards and regional offices across the country. Product prices are available on the website daily and in regional languages too. Farmers can also get information online on seeds, fertilizers and the weather from block development officers, says a senior official of the National Informatics Centre.

However, some major services still remain firmly off-line, especially property and vehicle registration. These are particularly corrupt sectors. Even so, in Maharashtra, new vehicles can be registered at the showroom itself. Kanpur City Corporation uses a geographical information system to identify property, which is seen to be a step closer towards online registration.

# **ECONOMIC DEVELOPMENT**

## HINDU 2.12.10 ECONOMIC DEVELOPMENT

### **The return of the Asians**

Ranil Wickremesinghe

*Asia stands poised to recapture the global economy. But the success of this process will depend on right political decisions and appropriate action being taken by governments and civil society in the region.*

By the 4th century B.C., Asia had begun its first cycle of economic growth and power. This was the reason why Alexander the Great decided to travel eastward to establish an empire. At that time there was nothing worthwhile to the west of Greece. On the other hand, to the east of Greece was Persia, and beyond Persia were rich kingdoms in India and China. A Roman Emperor once complained that Rome had to import all its luxuries from India and China, but had, in turn, nothing to offer these Asian countries. In fact, until the 1820s, Asia accounted for 60 to 75 per cent of the world's Gross Domestic Product.

Asia is not a continent that can be brought together like the European Union. Historically, culturally and climatically, it falls into five distinct categories: East Asia, Indo-China, Central Asia, the Indian Ocean and West Asia regions. In the past, these regions were all integrated by the Silk Route. This is why I have titled this speech “The Return of the Asians” — because contrary to common opinion,

what we are witnessing today is not the rise of Asia but the return of the Asian countries to recapture the global economy.

The first cycle of Asian dominance was crushed, above all by the rampant forces of European colonialism, and then by the Industrial Revolution which led European manufacturers to look to Asian markets for their manufactured goods. Thereafter, for the greater part of the 19th and 20th centuries, Asia was turned into a captive market for European industry. No Asian country other than Japan benefited from the Industrial Revolution. As a result, by 1940, Asia accounted for only 20 per cent of the world's GDP.

In a reversal of fortunes, however, the affluent western consumers of the 1970s enabled Japan and the four Asian Tiger economies — South Korea, Singapore, Malaysia and Taiwan — to emerge as low-wage manufacturing bases for consumer goods. The story of the return of the Asians begins here. The next phase was in 1979; the year which ushered in the Thatcherite revolution. I remember listening to Margaret Thatcher at the Commonwealth Summit of 1979 explaining her policies for promoting economic competitiveness. That same year, Jiang Zemin, who succeeded Deng Xiaoping, visited Singapore and Sri Lanka to study free trade zones there. That visit paved the way for the creation of special economic zones in China. This was the start of the migration of industries to China as many firms decided to relocate in China in order to remain competitive. Thereafter, China became the workshop of the world. China, which produced barely a few thousand air-conditioners in 1978, today manufactures nearly 50 million air-conditioners. In addition, half of the world's microwave ovens, one-third of its television sets, 70 per cent of its toys and 60 per cent of its bicycles are manufactured in China. Chinese exports in 2005 was worth \$1.15 trillion.

Watching a television programme on the Shanghai Expo a few

weeks ago I was reminded of my visit to Shanghai in 1979. Today the Mao jackets have been replaced by designer styles and labels. Global hotel chains have sprung up in Shanghai. The teeming bicycles and Red Flag cars have been traded for international car brands — and they are manufactured in China. There are ultramodern airports and ingeniously-designed expressways. And Pudong — which was a swamp at the time — has become a futuristic city.

In 1992, I visited New Delhi just as India was awakening from its economic slumber. Prime Minister Narasimha Rao and Finance Minister Manmohan Singh had just announced an economic restructuring programme that ended India's socialist economy. The collapse of the Soviet Union had left them with no other option. At that time, Bangalore was for us a holiday destination. And Hyderabad was famous for its biryani. I met with the Tatas who were preparing a new strategy to face liberalisation. Companies such as Reliance, Wipro and Infosys were just starting out. Indians proudly informed me that they had earned \$200 million from IT exports. Today, as much as China is the centre of global manufacturing, India has become the international hub for global service industries. India's IT and outsourcing exports amount to over \$40 billion. The economic resurgence of China and India has also paved the way for the emergence of Thailand, Indonesia, Pakistan and Vietnam as manufacturing bases.

This shift of world economic power from the West back to Asia is highlighted in the Asian Development Bank Key Indicators (for Asia and the Pacific) for 2010. Today, the Asia-Pacific accounts for 36 per cent of the world economy. Europe comes second, and North America, third. Within Asia, over 65 per cent of the GDP comes from three countries — China, India and Japan. It is predicted that Asia will be the main driver of global growth over the next two decades with a newly emerging Asian middle class of nearly 1.5

billion. Since 1980, some 400 million Chinese people have transcended the poverty line. By 2030 the Chinese middle class is expected to exceed 600 million. In number terms this will be the largest middle-class group in the world, comprising the world's third largest consumer market. India will be the fifth largest market in the world with 520 million consumers. It is this demographic transformation of 1.5 billion Asian middle-class consumers that will fuel global economic growth.

This trend has been evident during my visits to India over the last two years. There has been a channelling of new products specifically aimed at the Indian low-income domestic market by Indian entrepreneurs. The best example of this is the Nano car that costs around Rs.1 lakh, which targets the lower middle class. It is the Indian version of Ford's Model T.

This is what I call the return of the Asians. The Asia of 2050 will be similar to the Asia of the mid-17th century which dominated the world in terms of total wealth — what we call GDP today — despite the fact that some of the European countries had a higher per capita GDP. Similarly, by 2050, most of Asia will be middle-income economies while the West will constitute high-income economies.

However, the return of the Asians will not be an automatic phenomenon. Nor can it be allowed to be confined to economic growth. The success of the region depends on correct political decisions and appropriate action being taken by governments and civil society — if it is not to be a flash in the pan. In the remaining part of my speech I propose to speak on the key issues that will require our attention in the years to come.

At one time the regions of the Indian Ocean were the richest in the world — even richer than East Asia. This was what compelled Elizabeth I of England to send an ambassador to the court of the

Mughal Emperor Akbar the Great in the 16th century. The wealth of the Nizam of Hyderabad in the 19th century (valued according to the present day) will be \$200 billion, four times the wealth of Bill Gates.

Once the sailors had mastered the Asian monsoons, the merchants wove a web of trade across the seas. It was a maritime crossroads bringing together traders from the Mediterranean, Arabia, South Asia and China. The kingdoms of South India, Sri Lanka and Sri Wijaya rose to prominence due to two reasons. One reason was merchandise exports. The second was the fact that they were the centres for trans-shipment from the East to the West.

By 2030, not only will India become the world's third largest economy, it will also be the world's fastest-growing major economy. Indonesia, the successor to Sri Wijaya, will become the fifth largest economy, overtaking Russia. By then the combined GDP of India and Indonesia will be \$39 trillion — the same as the predictions for the U.S. during this time. Add to this the fast-growing economies of Pakistan, Bangladesh, Malaysia, Tanzania, Mozambique and Uganda on the one hand, together with the Gulf oil economies, Singapore, Brunei, Iran, Myanmar, South Africa, Kenya and Australia, and you have a cocktail of rapid growth.

Unlike East Asia and the Pacific which has APEC (Asia-Pacific Economic Cooperation), the Indian Ocean has no regional mechanism for trade and economic cooperation. The Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) has been a non-starter. This is a serious omission since the potential for growth in the second half of the century lies in this region. One reason for this is the predicted increase in its population — an additional 500 million by 2050. Furthermore, the lower income levels of the Indian Ocean region gives a natural advantage to Indian enterprises that have already commenced designing low-price products and services to reach lower-income rural consumers. The Asian Development

Bank calls this response in production to low-income demands 'frugal innovations', and foretells its prospects of reaching East African coasts, thereby creating new trade linkages.

Given such exciting possibilities, it is time that the South Asian Association for Regional Cooperation (SAARC), the Association of Southeast Asian Nations (ASEAN), the Organisation of African Unity (OAU), and the Commonwealth that has 19 members in the region, initiate discussions to seriously consider this new alignment of trading nations, and create a formal mechanism to bring together Africa, Asia and Australia, the three continents that border the Indian Ocean. Those of you who are part of civil society can make people-to-people contact within this region and thereby complement regional level economic cooperation. Rotary International should take the lead in bridging the continents of the Indian Ocean.

This is the first part of the text of a speech made by Sri Lanka's Leader of the Opposition and former Prime Minister, Ranil Wickremesinghe, at the South Asia conference of the Rotary International in Bangkok on November 27.

# **JUDICIARY**

## HINDU 1.12.10 JUDICIARY

### **Submission of suspicion**

V.R. Krishna Iyer

*A statement by the Attorney-General before the Supreme Court raises a question mark over judicial appointments. It spells an implicit challenge to the integrity of the judiciary as a whole.*

On November 22, an extraordinary oral statement on behalf of the Union Government was made before the Supreme Court of India. During the course of hearings on a writ petition questioning the appointment of the Central Vigilance Commissioner, the court had raised certain questions about whether the person chosen would be able to function effectively, given that a charge sheet was pending against him. Attorney-General G.E. Vahanvati was then reported to have told the Bench of Chief Justice S.H. Kapadia, Justice K.S. Radhakrishnan and Justice Swatanter Kumar: “If the criterion [of impeccable integrity] has to be included, then every judicial appointment can be subject to scrutiny. Every judicial appointment will be challenged.”

Deserves to be defended

This writer, who happened to be a Judge of the Supreme Court some 30 years ago, has been morally molested by the suspicion cast on the Indian judiciary as a whole by that statement. The Indian judiciary, one of the best such institutions among global democracies, deserves to be defended rather than besmirched. However, since there has been silence in the few days since the statement was made, I am

provoked to register my protest against the insinuation that was implicit in the submission of the Attorney General made to the Supreme Court. Insinuation is imputation concealed by cowardice. Are all judges innocent of integrity? Alas! Can it indeed be true that the present Attorney-General, a successor in office to the great M.C. Setalvad and others of his ilk, did submit to the Chief Justice of the highest court of judicial justice of the nation, that if the integrity of every judge of the higher court were to be assured, it would turn out to be a very embarrassing adventure? What about the integrity of the Attorney-General himself?

Therefore, the court should put the Executive under obligation to answer the question why the integrity of the person who was chosen as Chief Vigilance Commissioner was not thoroughly investigated before the appointment was made. The hint given to the court and the hunch left to the nation through that statement is that the integrity of even Supreme Court judges is problematic, and that no investigation was made when members of the noblest robed brethren were chosen and appointed, nor could it be scrutinised. This submission, if it is true, puts under a shadow a sublime institution that is empowered to pronounce with high authority its judgment if ever the executive and legislative instrumentalities violate the Constitution, and the fundamental rights are under threat. In short, the Attorney-General's observation amounts to casting doubts over the integrity of the highest institution to which We, the People of India, can go seeking justice and human rights.

'It is blasphemy'

Are judges, then, a suspect instrumentality with their very credibility under challenge? Expressed as a submission, it is blasphemy uttered against the most glorious and finest of the trinity of instrumentalities under the Constitution. The most sublime instruments of the Indian judiciary, every member thereof, are no exception. Suspicion about

their probity and impartiality has been expressed openly. When their integrity, credibility and impartiality are raised as issues by the Executive, through its Attorney-General who has dared to submit it, no assumption in their favour can be made. Yes, we cannot assume their integrity and secularism: both must be investigated.

This is scandalous — a shock and a shame. I protest, and expect the Supreme Court to get the Attorney-General to explain whether the President, on the advice of the Cabinet, appoints judges without making any assessment of their integrity, character, social philosophy, antecedents or democratic commitment. All these values hang on the iron string of integrity.

Let the nation awake to this implicit slander. The Attorney-General may have his alibi or a valid defence in this matter. Fiat Justicia is an idle phrase, and as in Pakistan and once in Sri Lanka the top executive is then on top of the Supreme Court itself. This submission of suspicion is the upas tree under whose shade reason fails and justice dies — here it concerns the court itself. The Indian Bar must protest against this.

Let there be a commission

Let there be an Appointments and Performance Commission so that any suspicion over the integrity of a member of the judiciary is dispelled before that person sits on the Bench, an incredibly public sanctuary of dignity and divinity. Indeed, the high judicial bench is Bharat's non-negotiable institution of integrity. Parliament must immediately discuss this dangerous attitude of the Attorney General. A grave National Judicial Commission should be made a part of the constitutional judicial code.

Does that statesman, Dr. Manmohan Singh, support vicariously this dubious statement by the Attorney-General? Why does the Bar Council of India remain silent when a covert aspersion on the

institution of the judiciary comes up in the open court? This is either a grave crisis or a casual, though accidental, aberration. Silence is guilt when fearless speech is basic courage. Or else confidence in the Supreme Court will become a casualty. It is my conviction that judges of the higher judiciary should be like Caesar's wife — they have to be above suspicion. Or else, justice, social and economic, will remain a paper promise and the robe will become a mere cover-up of concealed sins. Speak up, Indians. Taciturnity is trauma and a taint.

Sans the Supreme Court, beyond doubt India will face functional chaos under the shadow of criminality. Satyameva Jayate will have to surrender to corrupt power syndrome. Do we want a new forensic avatar? This puts all other scams to shame. Maybe I have somewhat exaggerated the implications of an innocuous submission by the Attorney-General, but mainly I stressed the truth of my soul. Judges ought to beware.

Yet, now it would seem that the members of the robed brethren have themselves started suspecting one another. A Bench comprising Justice Markandeya Katju and Gyan Sudha Misra of the Supreme Court on November 26 made remarks that amounted to questioning the integrity of at least some of the Judges of the Allahabad High Court. It said: “We do not mean to say that all lawyers who have close relations as judges of the High Court are misusing that relationship. Some are scrupulously taking care that no one should lift a finger on this account. However, others are shamelessly taking advantage of this relationship. There are other serious complaints also against some judges of the High Court. The High Court really needs some house-cleaning and we request the Honourable Chief Justice of the High Court to do the needful, even if he has to take some strong measures, including recommending transfers of the incorrigibles.”

How corruption seems to have corroded one of the finest institutions of India!

## HINDU 3.12.10 JUDICIARY

### **I never suggested judiciary is corrupt: Attorney-General**

In a letter to the Editor-in-Chief of TheHindu N. Ram, the Attorney-General for India G.E. Vahanvati has said that he had never suggested that the judiciary was corrupt as stated in an article by former Supreme Court judge V.R. Krishna Iyer in The Hindu dated December 1.

“Your paper, for which I have great respect, published in its issue dated December 1, 2010 an article by Justice V.R. Krishna Iyer in which various statements were attributed to me and adversely commented upon. Having the highest regard for Justice Krishna Iyer, whom I consider to be one of the greatest judges to have adorned the Supreme Court, I took the liberty of speaking to him directly. I reminded him that he was the greatest votary of natural justice and therefore it would have been more appropriate if I had been given a hearing before I was castigated. He heard me, I told him that I had never suggested that the judiciary is corrupt. My argument in the CVC matter was entirely different. The argument was a purely legal argument. I had submitted that integrity as an aspect of suitability cannot be gone into by the court. It was my submission that if integrity was elevated to an aspect of eligibility, then every Constitutional appointment could be challenged on that ground.

“Having been Advocate General of Maharashtra, later Solicitor General of India and now Attorney-General for India, I have experience of how easy it is to make allegations against people when they are in the zone of consideration for elevation. This was my concern. There was no

question of my attacking the judiciary. My first loyalty, as an officer of the court is to the judiciary.

“After hearing me, Justice Krishna Iyer told me that he would apologise to me. He has done so. Not only has he apologised, accepting my word, he has also authorised me to publish his statement.

“I consider The Hindu to be the bulwark of journalistic standards and responsibility and I believe that personally you are the custodian of this sacred Trust. It is for this reason that I take the liberty of writing to you, enclosing the letter dated December 1, 2010 received by me from Justice Krishna Iyer. I leave it to you in your good sense to rectify the position in such manner as you deem fit.”

V.R. Krishna Iyer's letter to Attorney-General:

V.R. Krishna Iyer in a letter to G.E.Vahanvati said: “I slipped into an error in a piece on the Attorney-General's submission wherein I referred in an uncomplimentary fashion to the Attorney General's alleged statement that even judges when challenged have to be investigated for their integrity, thus casting suspicion on the judiciary vis-à-vis their integrity. My article was published in The Hindu and naturally you were hurt. I have great regard for you as you are the leader of the Indian Bar. You explained to me that you have not said a word casting doubt on the integrity of the judges and that I was wrong in suggesting such an insinuation. I unhesitatingly apologise to you and accept your word denying that you have made any submissions about the integrity of the judges. Dear Attorney General Vahanvati, now that I have heard you, please hear me in the same spirit and forgive me if I have stated anything against you based on what you have not stated. You are free to publish this statement of mine made on the assumption that the media has slightly misreported your submissions in the Supreme Court in Dr. Manmohan Singh's case.”

# **POLITICS AND GOVERNMENT**

## **What will 2010 Bihar poll results lead to?**

Dina Nath Mishra

During the last assembly election in Bihar, a joke was doing the rounds. But such a joke could be made without any corresponding truth to it. It went like this: A Japanese Minister told the then Chief Minister of Bihar, Lalu Prasad, “Give us Bihar for five years and we will make it as prosperous as Japan.” To this, Lalu responded, “Give us Japan for five weeks and we will make a Bihar out of it.” Nobody could miss the satire in it.

The contrast of Bihar’s poverty and Japan’s richness is there for all to see. The population of Bihar is almost equal to that of Japan. Nothing much changed during Lalu’s regime. Bihar remained the model of poverty. But, during the five years of the NDA Government, led by Nitish Kumar and Sushil Modi, unbelievable changes took place.

I extensively visit around six districts of Bihar. It looks as if the roadmap of Bihar has changed altogether. In 2007, I visited Nawada district and met the District Collector. He was worried that if I returned to Gaya at that time of the day, it would be difficult due to law & order problems. Bihar was infamous for this. People said that Bihar’s roads were not safe for travelling from sunset to sunrise. My driver too warned me to avoid the journey. But I undertook it anyway. After 20 minutes into the journey, I noticed a vehicle following us as if some ominous thing was going to happen. All the four passengers in my car were practically shivering. But, I instructed the driver to continue with

the journey. The vehicle following us soon covered the gap between us and them within a few minutes and stopped about 20 yards in front of us. Then, two persons got down and called us out. I refused to go to them and told them that if they want to talk to me, they would have to come to me. Soon, I saw a person coming towards me, visible in the jeep's light. He was a policeman. He reminded me of the earlier warning and again reiterated that it was not safe travelling by road at night. After that, police arranged an escort for me.

During the course of my journey, in the wee hours, I noticed that 25 per cent of the people were walking barefoot. But during the political interregnum period, Bihar's face changed rapidly. Now, Nitish Kumar is the new hero of the State. When election results were out, Bihar was celebrating the victory of NDA with more than two-third majority. The vanquished persons were derided and nobody shed tears for them.

Bihar was much talked about in context to Chara Chori (Fodder Scam). At that time, thieves and dacoits used to steal paltry things like two kg of rice. Numerous judgments of Patna High Court described the State administration in Bihar as 'Jungle Raaj'. One High Court judgment described Bihar as the fittest case for invoking Article 356. But then, Sonia Gandhi, the Congress president, came in the way.

Generally, it is said in Bihar that for good or bad, Bihar is a pioneer. The JP Movement arose from the land of Bihar which has given birth to intellectuals like Gautam Buddha and Mahavir. JP's movement succeeded for a short while. But this time change in Bihar is not an agitational change. It is developmental in nature.

The physical changes in the landscape of Bihar are historic and exemplary, besides being verifiable. Politically it is very important. In Bihar, the votes are frozen on Caste lines. But this time, development surpassed the identity of Caste and a result of this nature has never

come out before.

All political leaders said that Nitish was erring by continuing his alliance with the BJP. But, these political masters could not read the mind of the voters who do not want anything but development. Simultaneously, Gujarat local body elections confirmed that people like only those political parties which stick to the sole goal of achieving development in the State. It was evident with the win of the BJP on more than 100 wards, and that too in spite of the venomous anti-BJP propaganda in the State.

The mantra of development is successful only when there seems to be a powerful thrust to it. Also, there seems to be a political unanimity on voter level as well as party level on this issue. For the last three to four years, development and growth are the two dimensional thrusts of politics, along with the implementation of this slogan of a long leap forward by 2050.

**Undermining Parliament won't do  
Neither the Opposition nor the Government has the right to disrupt  
the session over any issue**

Subhash C. Kashyap

IN recent weeks, we have witnessed so many scandals in high places to the tune of lakhs of crores of public money that we must bow our heads in shame. Disturbingly, the 2G spectrum allocation, the Commonwealth Games, the Adarsh Society and the Niira Radia tapes reveal only the tip of the iceberg. Much more is hidden below the surface.



**Parliament House: The chief repository of people's will**

Parliament, as the supreme representative institution of the people, ought to take serious note of the challenges to our polity posed by the giant scamsters. Members rising above party lines should have deliberated upon ways to quickly identify and punish the guilty and devise systemic reforms to prevent recurrence of such scams.

From day one, the winter session of Parliament has been rendered dysfunctional. The only business it transacted during three weeks was a sham and a disgrace. Supplementary Demands and Appropriation Bills for thousands of crores were passed without any debate by a voice vote amid din. There could be no better evidence of the low levels to which the MPs' respect for Parliament and public money has descended. The basic issues of large-scale corruption have receded to the backstage and much of the focus is on the long logjam.

The Opposition members were united in demanding a Joint Parliamentary Committee (JPC) for examining the three big scams. They are firm on disrupting Parliament unless this was agreed to. The government is equally firm on its stand that the Public Accounts Committee (PAC) is the appropriate forum for deliberating on financial accounts and the report of the Comptroller and Auditor-General (CAG). In any case, all matters could be discussed in Parliament. The government also offered a CBI probe under the Supreme Court's supervision.

The Minister of Parliamentary Affairs says that the JPC demand is purely political and illogical. First, if the demand is political, its rejection by the government was equally so. Secondly, Parliament is primarily a political institution meant inter alia for debating political issues. 'Political' cannot mean unreasonable or illegitimate. Thirdly, there were compulsions of coalition politics. Some problems arose when for government formation in case of a hung Lok Sabha, a price had to be paid to coalition partners/ supporters, bargains had to be struck and the price demanded had to be paid in the form of creamy portfolios like Telecom.

In such a situation, corruption is inbuilt in government formation. It was known to the Prime Minister and others. It was understood and accepted as unavoidable in the best interests of power politics. Even former

Telecom Minister A. Raja's resignation became possible only after counter pressure and promise of support from a rival provincial satrap.

The Opposition felt that the JPC canvas could be vast while PAC probe would be limited in nature and the Ministers could not be summoned before it. As for the CBI inquiry under the Supreme Court, it was very legitimately wondered how the government could make such an offer or interfere with juridical functions and court's discretion.

The Opposition asked what was so sinister about demanding a JPC probe. After all, during the NDA regime in 2001, a JPC was quickly conceded by the Prime Minister to probe the Stock Market Crash Scam and related issues. Former Finance Minister Yashwant Sinha, P. Chidambaram and Manmohan Singh as also the Finance Secretary appeared before the JPC. A report was made and its recommendations were largely accepted.

The Opposition disowned responsibility for making Parliament dysfunctional. It asserted that it was the government's job to make Parliament function. But, as a logical conclusion, it would mean the use of disciplinary powers of the Presiding Officers and the Houses and suspension of members obstructing the proceedings and committing breach of parliamentary privilege and contempt of the Houses.

All the efforts made by the troubleshooters and party managers at all-party luncheon meetings have failed to break the deadlock and evolve a compromise. This was a clear failure of political and floor management skills of the government. The Speaker's last ditch effort, too, failed.

Clearly, both the government and the Opposition are equally responsible for the ugly impasse. There was an unnecessary, illegitimate and irrational tug of war in the name of the people. But the people are nowhere in the picture. As usual, on both sides, political considerations and calculations of gain and loss have the upper hand. Perhaps, there is an unsaid long-term political concern before the government and the

Opposition. Both are eyeing the 2014 general elections. The Opposition would like to drag the matter on through the JPC device and the Congress feared a repeat of what happened to it after the JPC on Bofors.

The people are appalled and dismayed at the shameful levels and reach of corruption involving the UPA-II government headed by Prime Minister Manmohan Singh and advised by the all powerful National Advisory Council. But the Opposition has done precious little to explain to 'we, the people' why it insisted on disrupting the proceedings of both Houses. The government also has failed to convince the concerned citizens about the justification, if any, for its unrelenting opposition to conceding the near-unanimous Opposition demand. It is also feared that deliberate dilly dallying on the JPC demand would help one to fudge records and buy and manage evidence. As Parliament has been paralysed, some of the talking was being done through blogs or television channels. The people needed to be informed about parliamentary processes, relevance and respective merits of parliamentary committees. Friends from the media kept enquiring this writer about the difference between a JPC and PAC.

It would have been better to use Parliament to talk to the people and educate them through debates about the arguments of both sides. The Opposition leaders could place all the facts and arguments most forcefully and plead for the appointment of a Joint Committee of the two Houses. The government side could also justify its stand. The people could then form their opinion though in a parliamentary system while the Opposition has the right to have its say, the government, so long as it is in majority, has its way.

Parliament is the chief communication link between the government and the people. Close contact and an intimate rapport between the two is the quintessence of parliamentary democracy. Parliament belongs to the people and not to MPs or parties. People must have access to Parliament. Unfortunately, there is a tremendous disconnect between the two. Things

get worse when both Houses do not function and are shut against the people.

If the Opposition was anxious to question the Prime Minister and nail his responsibility, the Lok Sabha was the more effective and legitimate forum than a JPC. However, in a JPC, proceedings are in camera. Interestingly, the nomenclature JPC finds no mention in any constitutional or legal provisions or in the Rules of Procedure and Conduct of Business in the two Houses of Parliament. The term gained currency during and after the inquiry into the Bofors scandal in 1987.

The device of parliamentary committees is intended to assist the Houses of Parliament in the efficient discharge of their functions. There are two types of Parliamentary Committees in India: Standing Committees and Ad hoc Committees. Standing Committees are constituted by the House or the Speaker every year or from time to time and are permanent in nature. Ad hoc Committees are appointed for a specific purpose.

Standing Committees include the Financial Committees and Departmentally Related Committees. Ad hoc committees may be Select or Joint Committees or those constituted to report on specific matters. A committee which consists of members of both Houses is a Joint Committee. The Standing Financial Committee called the Public Accounts Committee is also a joint committee inasmuch as the Rajya Sabha MPs are also associated with it. All the Departmentally Related Standing Committees are Joint Committees.

Both Houses of Parliament have inherent powers to appoint special committees under special circumstances to examine and inquire into specific issues and report to the Houses. Apart from the Standing Committees, Ad hoc joint committees of both Houses have been constituted from time to time on various matters. Technically, these were JPCs. It is, therefore, not correct to say that the JPC on Bofors was the first JPC or that there have been only four JPCs so far. Also, it is incorrect to say that the four JPCs were total failures. A committee can

only inquire and make recommendations. It is for Parliament to discuss them and for the government to accept them and take appropriate action.

After Bofors, the nomenclature JPC has in practice come to connote an ad hoc joint committee of both Houses formed for inquiring into a specific scandal of financial wrong doing. A distinctive feature of such committees is their investigatory role. Of the oft-cited four such investigative committees in the past, the first was in 1987 on the Bofors scandal. After crusading for it and blocking Parliament for long, the Opposition boycotted the JPC on the ground that it was packed by Congress members. Even though the Opposition boycotted the JPC on Bofors, its inquiry led to mass resignation of Opposition members and ultimately the change of the government. The Union Cabinet itself was split with V.P. Singh putting himself up as an anti-corruption Messiah.

The second JPC was formed in 1992 to investigate the Securities Stock Scam involving Harshad Mehta and other brokers. Parliament was largely paralysed for two weeks before the JPC was conceded. The third was set up in 2001 to investigate the Shares scam involving Ketan Parekh, banks and corporate Houses. From March 13, 2001, Parliament was paralysed for nine days after the Tehelka expose. In April, after another week of adjournments, the Opposition Congress demanded a JPC. On the issue of irregularities in defence purchases during the Kargil conflict, it again demanded a JPC. These demands were rejected. The political parties demand JPC when in the opposition and oppose it when in the government.

A joint committee may be appointed on a motion adopted by the two Houses and may contain the names of its members. It may also be appointed by the Speaker of Lok Sabha and the Chairman of the Rajya Sabha after mutual consultation. Members of some Standing Committees including the Public Accounts Committee are elected according to the system of proportional representation by means of single transferable vote. This may be so even in the case of some ad hoc

committees. But even if the committees are constituted by the presiding officers, proportional representation of parties is kept in view and the numbers in committees represent the party position in the Houses, i.e. by and large the ruling party or parties remain in majority in the committees as well. In case of the PAC, by convention, the Chairman has been from the Opposition since 1967.

The Comptroller and Auditor-General of India is an independent audit agency. To the extent that the executive is accountable to Parliament in financial matters, the CAG works as the watchdog on behalf of Parliament. Parliament's effective functioning depends largely on the CAG's assistance who is considered its friend and guide.

In the present case, the CAG had done his job and his report was laid before the two Houses. It had unearthed a major scam and pointed out blatant and substantial irregularities causing a loss of Rs 1.76 lakh crore to the public exchequer. Without a public and transparent auction, the 2G spectrum licences were given away to companies with doubtful credentials in 2008 at throwaway prices by former Telecom Minister A. Raja. Two companies which had bought the licences for Rs 1500 and Rs 1600 crore, after a few weeks, sold their stakes for Rs 12,000 crore!

In parliamentary committees, the effort always is to function on non-party lines. Decisions are taken unanimously or by consensus but the rules provide for all questions at any sitting of a committee being taken "by a majority of votes of the members present and voting." On crucial issues involving party susceptibilities, therefore, it would not be easy for the Opposition to have its way against the government. It may be, therefore, wrong for the Opposition to believe that they would be able to compel the presence of the Prime Minister or other Ministers before the JPC. The majority in the committee may overrule such suggestions. Also, under the rules, the question may be "referred to the Speaker whose decision shall be final."

In the PAC, a minister is not called before it to give evidence or for consultation in connection with the examination of accounts. A minister may appear before it if the Chairman agrees. Also it can be so arranged between the Speaker, the Committee Chairman and the minister concerned that he appears on his own.

If the Opposition can be convinced that it should not appear to be stalling the proceedings of the House and the government realises that it need not be seen as avoiding inquiry, there may be a way out of the present impasse whereby the concerned ministers and even the Prime Minister may appear before the PAC. The committee can also go beyond the CAG report and take suo motu notice of allied issues. This would only require an initiative and a promise from the Prime Minister himself.

The Opposition had a golden opportunity to draw maximum political advantage by providing good leadership, clean citizen-friendly governance and inclusive politics. They could make corruption a major issue and launch a massive campaign against it through speeches in Parliament instead of disrupting it and sipping coffee in the Central Hall.

Meanwhile, the Supreme Court has asked the CBI counsel not to beat about the bush when illegality was prima facie evident. It has castigated the CBI for tardy investigation and asked why Mr A. Raja and then Telecom Secretary P.J. Thomas (currently the Chief Vigilance Commissioner) have not been questioned. It has also questioned the legitimacy of Mr Thomas' appointment on the ground of pending charges against him and his controversial role as Telecom Secretary.

The saddest part of the current debate in the media and among the pro-establishment pseudo-liberal intellectuals is that there is no willingness to call a spade a spade and condemn wrong doing. Cheating by those in power is countered and defended by pointing fingers at similar cheating by the Opposition parties when they were in power. Party 'A' accuses Party 'B' of swindling public money and vice versa. The blame game continues while the losers are we, the aam admi.

The Opposition pressure, the Supreme Court's observations and the public outcry against corruption are beginning to impact the government inasmuch as notices have at last been issued to companies asking them why their 2G spectrum licences should not be cancelled. If Mr Thomas doesn't quit voluntarily, there may be a strong case for seeking annulment of his appointment as mala fide and ab initio illegal and void.

The ultimate question is whether the political class — the largest beneficiaries of corruption — has at last realised that enough is enough and the people won't accept the sordid state of affairs anymore.

The writer, a noted constitutional expert, is a former Secretary-General, Lok Sabha

# **RURAL DEVELOPMENT**

## HINDU 1.12.10 RURAL DEVELOPMENT

### **'Keep UID out of MGNREGA'**

*A statement that has been endorsed by 100 individuals/groups from across the world.*

The undersigned demand that the plan to link the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to Aadhaar (or UID) be revoked immediately. This is an extremely dangerous move that threatens to cause havoc in MGNREGA's fragile structure.

The Ministry of Rural Development has put out a tender (dated October 11, 2010) worth Rs.2,162 crore to engage “service providers” for MGNREGA under a “public private partnership” model. The contract includes “UIDAI compliant enrolment of job card holders under MGNREGA scheme,” “Recording ... data in the field such as biometric attendance at worksite with GPS coordinates ... and updation of centralised MIS,” and similar measures.

Clearly, the Ministry intends to link the issue of new job cards to UID enrolment in the States. Job cards issued in 2006 are due to expire in 2011. Job cards are required to claim employment under the MGNREGA. If the issue of new job cards is linked to UID enrolment, there is a danger of creating a jam that would disrupt the programme. The process of job cards renewal, in any case a slow process, will be further slowed down. Many people are likely to be denied their entitlement to 100 days of work as they will be without a job card. Further, in spite of the hiring of “service providers”, the entire administrative machinery is likely to be diverted into capturing of biometrics or supervising “service providers”. The scale of MGNREGA works is bound to suffer. This would be a gross injustice to NREGA workers, who are already deprived of their basic entitlements.

The proposal of “biometric attendance at the worksite with GPS coordinates” is completely impractical — many MGNREGA worksites are in remote areas with poor or no connectivity. Does that mean those worksites will close down?

We do welcome the use of technology provided that it enhances transparency, empowers labourers and is cost effective. Such technology has been used with success in Tamil Nadu. For instance, it combines SMS reports on daily attendance with random spot checks to curb the problem of fake muster roll entries. Localised use of biometrics, independent of UID, to speed up payments can be considered. Biometrics and UID are not the same. In Rajasthan, simpler measures have been put in place, such as “transparency walls” where all job card holders in the Gram Panchayat are listed along with days of work, allowing people to monitor implementation.

There are many problems in the implementation of the MGNREGA which need the urgent attention of the Ministry. These include the non-payment of minimum wages, delays in wage payments, insufficient scale of MGNREGA works, discrimination against Dalits and women, and so on.

We therefore demand that neither MGNREGA employment nor wage payments be linked to UID enrolment. Employment of 100 days under MGNREGA is the only universal entitlement that the rural poor enjoy. It should not be jeopardised by the introduction of disruptive technology under pressure from corporate and security lobbies.

Signatories: Nikhil Dey, Aruna Roy and Shankar Singh (Mazdoor Kisan Shakti Sangathan); Jayati Ghosh (Professor, CESP/SSS, Jawaharlal Nehru University); Jean Drèze (Honorary Professor, University of Allahabad); Kamal Mitra Chenoy (Professor, Jawaharlal Nehru University); Reetika Khera (Visitor, Centre for Development Economics); R. Ramakumar (Associate Professor, Tata Institute for

Social Sciences); Mallika Sarabhai (CRANTI, Citizens Resource and Action Network Initiative) and others.

# **URBAN DEVELOPMENT**

### **Delhi tops 2010 ranking of India's most competitive city**

The national capital was the most competitive city to do business in the country in 2010, as per a new report, which based its findings on the metropolitan's infrastructure and business environment.

According to the City Competitiveness report released today by the Institute for Competitiveness (IFC), Delhi is the the most competitive out of the nation's 50 cities.

"Its position is augmented by its surrounding hinterland forming the National Capital Region (NCR) and an improved physical infrastructure and an enabling business environment," the report noted.

Chennai cornered the second position in the list ahead of Mumbai, which dropped to third place from second position last year.

Chennai's ranking improved on the back of good performance under all the sub-indices used to benchmark the cities, particularly its educated workforce and logistics infrastructure, while Mumbai's fall was primarily due to the worsening state of its physical infrastructure.

Bengaluru is at fourth place in the list, followed by Kolkata, Hyderabad, Ahmedabad, Pune, Nagpur and Jaipur.

The report is based on factors like demand conditions, a context for firm strategy and rivalry; and support and related industries. A city would need to improve in terms of all these factors to increase its competitiveness.

"Based on the findings this year, it is clear that Indian cities are yet to develop a clear vision of their future and identify a definite competitive edge.

"Policy makers, too, are struggling with ways of managing infrastructural and developmental challenges that plague even the most competitive Indian cities. It is more important than ever for Indian cities to put into place the fundamentals underpinning economic growth and development in order to propel overall growth for the country as a whole," Institute for Competitiveness Honorary Chairman Amit Kapoor said.

Interestingly, Ahmedabad and Pune have emerged as the most competitive tier-two cities in India. While Ahmedabad performs very well in the administrative sub-index --indicating good governance, municipal efficiency and low crime rates -- Pune excels in terms of its physical infrastructure and high quality workforce.

Among the other cities features in the list are Chandigarh (11th), Surat (12th), Gurgaon (13th), Indore (14th), Coimbatore (15th), Kochi (16th), Noida (17th), Goa (18th), Shimla (19th) and Kanpur (20th).