

CURIOUS CASE OF ELECTION FREEBIES



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FROM THE DESK OF CHAIRMAN

Economics of freebies is very simple. If you are not able to sell something, attach some freebies to it, and sell it as a combo, done. It is human nature that anything received without any cost attached, as gift or at substantial discounts, people are going to go for it, no questions asked. And this human nature is irrespective of one's economic status.

Same goes for the election freebies, as this very human nature is manipulated to lure people for votes. If any political party is not able to sell its ideas, its ideology, simply put cannot convince its electorate of its good governance and uncorrupt practices, it will attach freebies promises and attract the electorate to vote for it. It becomes easier in a country like India where large population is poor and has either no access or limited access to even basic necessities, to lure voters with freebies and achieve election goals. However, in doing so, the real economic principles are given a go by and country's finances are affected.

This has been matter of concern for long time and dissents or opposition to such acts have been shown in past, mainly by concerned economists, citizens and tax payer community. Surely, welfare schemes of Government have certain objectives and the same cannot be denied, but it has to be based on sound economic principles rather than ad hoc measures just to gain political mileage. One political party starting to dole out freebies leads to myopic competition in freebies which can lead to disastrous economic conditions.

The opposition to such election freebies was renewed once again and the same was for right reasons. The recent events in neighbouring countries and elsewhere in the world have again brought the issue in limelight. The alarm bells started ringing in India after the collapse of Sri Lankan economy where people came on streets with country wide protests against the Government. Economic situation as we learn is very bad in Sri Lanka and it will take years to get back on track. It is understood that one of the main reasons for its collapse is Government indulging in doling out free goods and services.

Venezuela is another instance of recent past how a rich country can be destroyed by not following simple economic principles and fell prey to such freebies. This led Venezuela to political and humanitarian crisis, the country plunged into sickness and starvation. As the story goes, the country turned toward socialism in 1999 and elected Hugo Chavez president. He championed populism, took loans in billions. Chavez ruled until his death in 2013, and is still seen today as a hero for the poor. But his government far overspent on welfare programs, and it fixed prices for everything. It declared farmlands state property and then abandoned them, and instead made the nation dependent on selling its oil abroad. Distributing everything free to people destroyed Venezuela, which was considered one of the richest countries.

These instances must be eye opener for India and rightly the discussion has started in this direction. Apathy of political leaders towards economic principles for personal political gains is definitely a matter of big concern.

Recently in India, an advocate filed a suit in Supreme Court to ban such promises of freebies at the time of Elections. Two judge benches of the Supreme Court, earlier in 2013 had ruled in a case of S Subramaniam Balaji vs State case of Tamil Nadu that such promises of freebies cannot be termed corrupt practice. A bench presided by Chief Justice of India N V Ramana said some of the parties had submitted "that the reasoning in the above judgment is flawed as it has not considered various provisions of the Representation of the People Act, 1951". "It was also submitted that the judgment incorrectly implies that the Directive Principles of State Policy can override the Fundamental Rights under Part III of the Constitution, which is against the law settled by a Constitution Bench of this court in" the 1980 decision in *Minerva Mills Ltd. v. Union of India* case, it said. Looking at the complexity involved, the matter was transferred to three-judge bench. It is good that the Supreme Court will give its thoughts on the matter, however, it seems it can only be legal / constitutional matter which can be considered by the Apex Court. What about the mindset of political leaders and people at large. It also seems that the outcome will not come very soon, and until then doling out unnecessary freebies will continue at cost of taxpayers and public exchequer. What really is required is a balanced law which makes concerned political party accountable with necessary penalties to stop election-based freebies. A strong public opinion against such freebies may force the authorities to take actions and surely many in government will also accept this stand. Only question is who will bell the cat.

In the mean time I am definitely curious about the outcome of the Supreme Court in this matter. Are you?

Wishing you all a very happy Navratri and best wishes on upcoming Dusshera, may Goddess Durga help you win over Mahishasurs in your life.

Thank you all..... Always in Gratitude

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