



## RESEARCH ARTICLE

### UPA GOVERNMENT REGIME – INDIA'S ECONOMY UNDER COALITION PRESSURE

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#### ABSTRACT

At the national level the first ever coalition government was formed under the Prime Minister ship of Late Shri Morarji Desai Ji which existed from 24th March 1977 to 15th July 1979. Country India is a geographically vast with varied dialect divided in 28 states and 7 union territories has blessed with predominance of the regional and sub regional issues and problems. Within these issues and concerns the birth of regional political parties is inevitable and resulted in to more politically sharp focused regional parties. Ever since 1989 India has been through the phase of governance which is obviously the coalition government. The initiation of coalition government at the center level can be traced to the parliamentary election of 1969 when the Congress Party first reduced to minority due to split of it. To evaluate whether coalition governance make good or bad veil cover over democracy needs to study in an uncertainty situation. Under the coalition governance where ruling people are not from the single party, the prime motive of political policy will vary in time and space and result in certainty with high risk or sometimes into uncertainty. The Time-period of India from 2004 -2014 records the countries march in time on the roads of coalition led policy governance. Though the Country has recorded commendable growth till 2009, and slowdown along with global scenario of recession, the economic events with government policies in various areas of industry and human needs served, have carried the stigma of the corruption charges on some of the ruling people in coalition intertwine network.

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#### INTRODUCTION

Policy on the management of natural, human and other resources determine the optimal rate of exploitation required to exploit, utilize, and harmonize the rate of utilization as sought by the current generation people, next generation to come and future generation's sustenance. The policy quality lies in answering all the three stakeholders' priorities and should be taken while drafting policies. Though all policies are not directly related or fall in economic category, have their effect on economy may be soon or slowly with time lag or on distant time interval. This very prior said fact captures the sincerity, honesty, broad thinking in terms of time and space, meticulous attitude, avoiding uncertainty prone zones, robust nature, timely proactive, and contingency factors to be considered for the policy making. Policy should be in the interest of the nation but on the any other reasons. How meticulously may policy be drafted always carries some loopholes or missing element. If this happens on account of technicality involved may be corrected in due course.

On the other hand, if happens due to vested reasons, it slowly fissures into scope for stigma of corruption or mal governance. This is where the people viz. political leaders in offices as cabinet ministers and leader of the cabinet responsible for policy making need to take care of above factors. This will be achieved when people from single party work on it in accordance with given promises and will not be achieved when people drawn from the different parties. As ever since 1989 India has been through the phase of governance which is obviously the coalition government throwing out new scams and charges of corruption and lattice of step by step hurdles in economic development compared with globally competitive countries in drafting of the human history. Political priorities on the management of natural, human and other resources determine the optimal rate of exploitation in line with political parties' interests which results in to policy making. If coalition government means is with the different parties which put pressure and challenge very policy making. The Prime Minister emphasized the fact that the UPA government is a coalition government with support of several political parties and that all Ministers should keep all allies informed about policies being implemented and "carry the coalition along". He emphasized the need to "engage in a dialogue with State Governments to ensure effective implementation of programmes and policies".

Press release “Focus on Good Governance”: PM tells Union Ministers dated November 1, 2004. This was the focus of Prime Minister of India in 2004 when they assumed the office after 2004 General Elections. The United Progressive Alliance (UPA) is a coalition of left political parties in India formed after the 2004 general election. The words of the Mr. Manmohan Singh, on 12/2/2011, are “in an interaction with TV editors in New Delhi recently, Singh had cited the compulsion of coalition politics behind A Raja's re-induction in the cabinet as telecom minister despite complaints”. Based on these two statements of the Mr. Manmohan Singh, the influence and power of coalition politics can be understood. Hence this paper considers economic development of country in UPA -1 and UPA-2 periods as UPA regime and how coalition politics played their role in this course of time.

## Literature Review

Ever since 1989 India has been through the phase of governance which is obviously the coalition government. The initiation of coalition government at the center level can be traced to the parliamentary election of 1969 when the Congress Party first reduced to minority due to split of it. From 1989 onwards India is witnessing the coalition governments. Coalition politics will have the effect on the positive side as representation is from smaller parties. In addition to it they put pressure on the government and result in more rigid and complex situations. Even then in recent past the achievement of India is comparable with contemporary development happening in other countries. Basing on this the country is developing from the 1991 from the day of the liberalization, privatization and globalization.

Goldman Sachs, the Global Investment Bank, predicts that by 2035 India would be the third largest economy of the world just after US and China. It will grow to 60% of size of the US economy. This booming economy of today has to pass through many phases before it can achieve the current milestone of 9% GDP. After India got independence from colonial rule in 1947, the process of rebuilding the economy started. For this First five year plan for the development of Indian economy came into implementation in 1952. These Five Year Plans, started by Indian government, focused on the needs of the Indian Economy. If on one hand agriculture received the immediate attention on the other hand the industrial sector was developed at a fast pace to provide employment opportunities to the growing population and to keep pace with the developments in the world. Since then the Indian economy has come a long way. The Gross Domestic Product (GDP) at factor cost, which was 2.3 % in 1951-52 reached 6.5 in the financial year 2011-2012. Trade liberalization, financial liberalization, tax reforms and opening up to foreign investments were some of the important steps, which helped Indian economy to gain momentum. The Economic Liberalization introduced by Man Mohan Singh in 1991, then Finance Minister in the government of P V Narsimha Rao, proved to be the stepping-stone for Indian economic reform movements. The Economic development India achieved from then is shown in the form of GDP. According to the fact sheet and from the above tables, however, India grew at an average 7.9 per cent in the nine years of UPA rule (2004-05 to 2012-13) as compared to the

average 6 per cent growth clocked during the NDA regime between 1998-99 and 2003-04.

**Table 1. Indian GDP before UPA coalition during NDA**

Financial year	GDP of India at factor cost (in percent)
1995-96	7.3
1996-97	7.8
1997-98	4.8
1998-99	6.5
1999-2000	6.1
2000-01	4.4
2001-02	5.8
2002-03	3.8
2003-04	8.5

**Table 2. Indian GDP during UPA1 and UPA2 after NDA coalition**

Financial year	GDP of India at factor cost (in percent)
2004-05	7.5
2005-06	9
2006-07	9.2
2007-08	9.8
2008-09	3.9
2009-10	8.2
2010-11	9.6
2011-12	6.9
2012-13	6.5
2013	4.4

## Corruption

India ranked 133rd on the Ease of Doing Business Index in 2010, compared with 85th for Pakistan, 89th for People's Republic of China, 125th for Nigeria, 129th for Brazil, and 122nd for Indonesia. Previously corruption in many forms has been one of the pervasive problems affecting India. For decades, the red tape, bureaucracy and the *License Raj* that had strangled private enterprise. The economic reforms of 1991 cut some of the worst regulations that had been used in corruption even then Corruption is still large.

A 2005 study by Transparency International (TI) India found that more than half of those surveyed had firsthand experience of paying a bribe or peddling influence to get a job done in a public office. The chief economic consequences of corruption are the loss to the exchequer, an unhealthy climate for investment and an increase in the cost of government-subsidised services. The Transparency International India study estimates the monetary value of petty corruption in 11 basic services provided by the government, like education, healthcare, judiciary, police, etc., to be around ₹ 21068 crore (US\$3.4 billion). India still ranks in the bottom quartile of developing nations in terms of the ease of doing business, and compared with China, the average time taken to secure the clearances for a startup or to invoke bankruptcy is much greater. The 2006 report by Transparency International puts India at 70th place and states that significant improvements were made by India in reducing corruption. The UPA has also been criticised for its alleged involvement in a number of scams such as the Commonwealth Games Scam of 2010, the 2G scam, and the Coalgate scam. After 4 years, or rather 9 years (5 years of UPA-I and 4 of UPA-II), in office the scam-tainted UPA government is reeling under several setbacks over corruption controversies.

## Objectives of the Study

- To draw the inferences and arrive at causes which hampered the growth and conclude.
- To know the factors influence the development process and influence of coalition parties.
- To understand the economic development and achievement in UPA government regime.

## MATERIALS AND METHODS

This paper is based on secondary data, the nature of the paper is descriptive and tries to put emphasis on the how coalition led government will result into more complex in decision making and how it opens up the way for big scams. The Secondary data on economic growth and scams is collected from the public domain websites. The opinion of the Prime Minister is collected from the PM speeches and press meets from the PMO and NIC websites.

## Observations

Highlights of the record of the UPA government, titled "10 years of progress and growth", cited by *Prime Minister Manmohan Singh*, in his address to the media on Friday and which was released by the Prime Minister's Office ahead of the press conference: from Times of India, dated 3 January, 2014. The Highlights are as follows:

- **Education** - India has achieved "near universal education" at the primary school level due to Right to Education and the dropout rates have also decreased. The outlay for education has been constantly increased. Central universities increased from 17 to 44 during 2004-13.

- **Farmer welfare** - Minimum support prices (MSP) for wheat and paddy has been doubled since 2004, while MSP for other grains have increased three fold. More than 650 lakh farmers were financed by the banking system during 2012-13. The new Land Acquisition Act will provide livelihood rehabilitation and financial benefits for the affected people. There has been a three-fold increase in food subsidy during UPA tenure. The Food Security Act will entitle 35 kg of food-grains per month and other families for 5 kg per person at subsidised rates.

- **Rural employment**- The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is the largest welfare scheme of its kind in the world started in 2006. Wages given under the scheme per day have almost doubled from Rs.65 to Rs. 128 since the launch of the scheme. In 2012-13, the scheme provided employment to over 4.98 crore households, generating more than 213 crore person-days of employment.

- Consistent investment in public healthcare showed reduction in infant and maternal mortality rates, while life expectancy has improved. Absence of new endemic polio case for the last three years.

- **Social security for special sections** - There has been ten-fold increase in the expenditure on minorities since 2004-04.

- **Economic growth** - Per capita income in India has grown three fold since UPA came to power. The average GDP growth during the period of UPA government has been 7.7 percent despite two global slowdowns.

- **Infrastructure** - More than 2 lakh km of new roads have been added to the rural road network. Allocation for Pradhan Mantri Gram Sadak Yojana has increased by 88 percent in the 12 th Five Year Plan.

- **Poverty** - Average decline in poverty was two percent per annum.

- **Direct benefit transfer and Aadhaar card**- The UID has issued more than 51 crore Aadhaar cards giving people access to direct benefit transfer in 184 districts.

- **Development of Northeast**: Internal security has improved and the growth rate in north-eastern region is now higher than national average. Northeast growth rate is 9.9 percent compared to national average 7.4 percent.

- **Governance and transparency** - Right to information, second administrative reforms commission, and e-governance ensured transparency. Among the anti-corruption measures, the government was able to bring the Lokpal Act, as also the Whistle Blowers Protection Bill, Grievance Redressal Bill, and Amendment to Prevention of Corruption Act.

- **Security of women and children** - The law has been amended to provide stringent punishment for sexual offences against women and children. The government has also passed the Protection of Children from Sexual Offences Act, 2012. The Women Reservation bill has been passed by the Rajya Sabha.

## Negative opinion on UPA

"In a coalition government, there is a coalition dharma," he stated. This statement is from the Prime Minister with the Electronic Media Editors in the 2011 regarding the development and happenings. Prime Minister was replying to a question at the India Today conclave on whether following the coalition dharma was against following the constitution. In an interaction with TV editors in New Delhi recently, Singh had cited the compulsion of coalition politics behind A Raja's re-induction in the cabinet as telecom minister despite complaints. "You cannot suggest your preferences and you have to go by the choice of the leader of the party," he had said.

This Statement of the Prime Minister alone throws Challenges on the Governance through Coalition in Era of Coalition as Small and regional parties are more in number.

## Conclusion

"As observed in the press meet in his opening remarks Dr Singh said, "An impression has gone around that we are a scam-driven country." He added "This is weakening the self-confidence of the people of India, and denting the image of the country. We owe it to our country that at least in dealing with facts, we should be as objective as possible." "I wish to assure the country as a whole that our government is dead serious

about bringing to book all wrongdoers regardless of the position they occupy," he said. He asserted that his government was not lame duck nor was he a lame duck Prime Minister and it was a functioning government that would go after the scamsters. Manmohan Singh said he was not afraid of appearing before any committee, including a Joint Parliamentary Committee (JPC). There is, he said, an "entirely wrong impression that I was blocking the agreement on a JPC. I have always said my conduct should be, like Caesar's wife, above suspicion". (PM on JPC: Not afraid to appear before any panel) During the 70-minute interaction, the Prime Minister fielded a wide range of questions covering mainly issues of corruption including the ISRO's deal on S-band spectrum, governance deficit, economy and Parliament stand-off. "I don't deny that we need to improve quality of governance," said the Prime Minister, admitting, "I don't say I have never made any mistake. But I am not that big a culprit as being made out to be. "To a question what was his biggest regret in UPA-II, Singh said that "these irregularities have happened. They should not have happened. I am not very happy about these developments".

*Prime Minister Manmohan Singh's admittance that coalition compulsion is a big hurdle in the smooth functioning of the government has not gone down well with the Union Agricultural Minister Sarath Pawar who has always backed the government in difficult times. But the fact remains that the government is functioning under immense pressure of its allies. There is a lack of cohesion within the UPA even on matters related to national importance. This is not going to take the country anywhere. The double standards adopted by the coalition partners are harmful. On one hand the coalition system pledges support to the government but on the other it acts as a roadblock to matters of national importance. The coalition partners have to understand that the government's failure will adversely affect their image too as they are a part UPA 2. The manner in which Railway Minister Dinesh Trivedi had to resign against the wills of the Prime Minister for presenting the budget that was forward looking has dented the government's image.*

*The TMC had recently adopted a similar attitude towards FDI in retail sector. Under pressure from Mamata Banerjee the government was forced to rollback its decision. Many amendments and Bills are pending in the Parliament due to indifferent nature of the coalition partners."*

These above mentioned interview highlights and following news from the papers and how Sarad Pawar felt indicates that the "Governance through Coalition" will be boon or bane on democratic form of governance. Further the 10 year period of the UPA government resulted in more number of scams and Prime Minister alone saying those who done that will be dealt with due course of law means that Coalition form of Governance will give scope to corruption and scams as coalition dharma needs to be followed. Under these critical situations, it is difficult for the historian to describe the thing in recent historical time perspective whether the Coalition form of Governance will result in to good or bad.

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