

A sordid state of affairs that must be overcome

Central agencies, schemes, near-monopoly over sources of funds have altered the federal balance the Constitution envisaged. Regional parties must fight this

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What played out in Maharashtra may appear as the usual story of a regional party and defections. But it is also another sordid episode in the vicious and destructive war between centralising forces within the Indian polity and developmental and cultural aspirations of people expressed through regional parties.

An important player in this particular episode has been the Enforcement Directorate, ED for short, an arm of the central government entrusted with the prosecution of the Prevention of Money Laundering Act (PMLA). The Act was first promulgated by Parliament in 2002, to fight drug money. It defines the offence of money laundering as the transfer, concealment, use of, or even to claim as untainted, the proceeds of crime. The Act empowers the ED to suo motu identify suspects engaged in money laundering, to attach their properties and to request their arrest, all based on a single written statement submitted by the ED to a special court. Moreover, the ED has the right to suspend all financial transactions of the persons or their businesses for a period of six months. In other words, the central government can, through its own special agencies, hold, arrest, or disrupt the lives and businesses of individual citizens at its discretion without recourse to a civil court.

What role does ED play in the prosecution of financial crimes? An answer to a question in the Rajya Sabha this year stated that properties worth about Rs 19,000 crore have been attached by the ED and returned to public sector banks (PSBs) during the course of the PMLA. Now, compare that with the total unpaid loans (or, non-performing assets) of the PSBs, which stand at about Rs 5.4 lakh crore today, of which Rs 3.2 lakh crore were added in the last eight years. Thus, the role of the ED in clawing back the money owed to PSBs is small. So, what use is ED?

A lot, it turns out! Some 14 MLAs of the previous Uddhav Thackeray dispensation in Maharashtra, constituting about 10% of its strength, had been summoned by the ED under the PMLA. In addition to

this, several political leaders from other regional parties, their family members, and even participants in various protests are now being investigated by the ED. And yet, how many of those responsible for the NPA accounts in PSBs are under investigation is not known. This is how the ED and PMLA have become players in Maharashtra politics.

The fact is, the stakes are different for regional parties and national parties, and so are their ambitions. For the national parties, the imagination is still of a simultaneous concentration of power and wealth and unaccountability such as last seen in the Mughal era. This is underlined by the centrality of Delhi and the subsidiary role of the states in the roll-out of the programme of national development. The national parties have pursued this vision since Independence.



The primary obstruction to this centralisation has been the Constitution, with several inconvenient provisions on the distribution of power between the states and the Centre. Foremost among them is assigning to the states the delivery of most developmental needs such as water, education, energy, public health, transport, etc. Given India's size, geographical and social diversity, and the nature of the development sector, this was but natural. But this limited the ability of the national parties to project their benefaction to the common people residing in the districts.

This has largely been overcome by more than a hundred amendments to the Constitution, a world record, and several Acts of Parliament which limit the political space of the states but creates opportunities for the central government to intervene. This includes regulating the space for the states to conduct Science, design curricula, develop standards, gather information, or certify professionals. Then there are centrally sponsored schemes funded by imposing cesses, direct benefit transfers and other interventions that distort the developmental trajectories of states. Perhaps the most egregious are the GST and the IAS, which circumscribe the ability of the states to tax and to administer themselves.

Most regional parties have worked within the space defined by the actions of the national parties. They have accepted their intellectual limitations, their inability to conduct basic studies, to formulate

a school curriculum, manage electricity, or measure public health.

But there are exceptions. The southern states have expanded the space of activities for both regional parties and their State agencies. They have conducted independent industrial policies and expanded the role of the State in most developmental sectors, including both school and professional education. They have come up with pioneering studies in several developmental sectors, the most recent example being the Tamil Nadu report on NEET, the entrance exam for medical colleges. And they have based this on the right to cultural and developmental self-determination as enshrined in the Constitution. The results are there for all to see in most development indicators.

What should other regional parties do? They must first understand that the rules of mobilisation of funds have changed. The NPAs of the PSBs may well be performing assets for national parties, but that is outside their gaze. On the other hand, their own actions are visible to central agencies and open to hostile action. Regional parties should explain this situation to the voters and solicit funds through other means, including the so-called electoral bonds. They should educate voters on why regional parties are important, about the ongoing consolidation of the national economy into the hands of a few merchant families and its consequences for regional industries and employment. They must also pursue, through all constitutional means, to push the envelope on NPAs and financial rationality. Indeed, a concerted demand from the states for greater accountability from the central government would be an important step.

But there are other avenues, too. The much-needed correction in historical narratives presents new opportunities for political and economic analysis. The Mughal empire, its centralised bureaucracy and consequent stagnation, the emergence of merchant finance and its role in the perpetuation of exploitation—all offer interesting parallels today.

But the long-term strategy would be to dip into and utilise the egalitarian culture and civil society traditions of the broader society in states like Maharashtra. To strengthen citizenship and social comprehension through enhanced access to mahiti, i.e., actionable information, and gaavki, i.e., a fraternity for collective action. To develop the capacity within their universities to undertake study. Finally, to inculcate in their youth an alternative formulation of Science and Culture as locations for them to engage with the problems of the present.

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