



Indian Government Reshuffle

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APCO Worldwide in India

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HIGHLIGHTS OF THE GOVERNMENT RESHUFFLE

- Jairam Ramesh (Congress) was elevated as minister of rural development.
- Jayanthi Natarajan (Congress) will be newly inducted as minister of science with independent charge to replace him as environment & forests minister.
- Kantilal Bhuria (Congress) lost the tribal affairs portfolio, and V. Kishore Chandra Deo (Congress) is elevated as minister of tribal affairs & Panchayati Raj.
- Beni Prasad Verma (Congress) was elevated as minister of steel.
- Dinesh Trivedi (Trinamool Congress) was elevated as minister of railways.
- Vilasrao Deshmukh (Congress) was moved to Ministry of Science and Technology and Earth Sciences.
- Commerce and Industry Minister Anand Sharma (Congress) gets an additional charge of the Ministry of Textiles.
- Murli Deora (Congress) lost the minister of corporate affairs portfolio, and M. Veerappa Moily (Congress) replaces him.
- Salman Khursheed (Congress) replaces M.Veerappa Moily (Congress) as minister of law and justice with the additional charge of minority affairs.
- Minister of Parliamentary Affairs Pawan K. Bansal (Congress) gets the additional charge of the Ministry of Water Resources.
- Dr. M.S.Gill (Congress) lost the Ministry of Statistics & Programme Implementation portfolio.
- Srikant Jena (Congress) was elevated as minister with independent charge for statistics and programme implementation and as minister of state in the Ministry of Chemicals and Fertilizers.
- B.K. Handique (Congress) lost the minister of development of the north-eastern region (DONER) portfolio.
- Paban Singh Ghatowar (Congress) was inducted as MoS with independent charge as minister of development of the north-eastern region (DONER).
- Gurudas Kamat (Congress) was inducted as minister with independent charge for drinking water and sanitation.
- Milind Deora (Congress) was inducted as minister of state communication and information technology.
- Sudip Bandhopadhyaya (Trinamool Congress) was inducted as minister of state for health and family welfare.
- Jitendra Singh (Congress) was inducted as minister of state for home affairs.
- Rajeev Shukla (Congress) was inducted as minister of state for parliamentary affairs.

- Arun S.Yadav (Congress) has lost the minister of state, agriculture and food processing industries portfolio.
- Charan Das Mahant (Congress) has was inducted as minister of state, agriculture and food processing industries.
- Minister of State for External Affairs E. Ahamed (MLKSC) gets the additional responsibility for human resource development.
- V. Narayansami (Congress) was made minister of state in the prime minister's office, Department of Personnel, Public Grievances and Pension. He loses parliamentary affairs.
- Minister of State, Agriculture and Food Processing Industries Harish Rawat (Congress) also gets the additional charge of minister of state for parliamentary affairs.

Congress: Indian National Congress

NCP: Nationalist Congress Party

MLKSC: Muslim League Kerala State Committee

TMC: Trinamool Congress

COMMENTARY

Prior to every reshuffle in India, it seems, there are demands, rarely realized, for “injections of fresh blood.” The average age of those holding the most senior cabinet posts in India – prime minister, finance minister, foreign minister, home minister and defense minister – was 74 this morning. It remains 74. As widely forecasted, no changes were made at the very top in the world’s largest democracy where the median age is 25.

In the United Kingdom and United States, the average age of those holding the equivalent posts is 49 and 57 respectively. The median Briton is aged 40, while the median American is 37.

If there is really much of a public demand – as opposed to a media demand – in India that somehow the rulers should somehow symbolically represent the ruled in demographic terms, it goes unheeded. Indians would point out that the United Kingdom and the United States have their own issues about sections of society being represented at the highest level.

Nevertheless, although today’s reshuffle went a little further than some skeptics feared, the United Progressive Alliance government – whose de facto leader, Sonia Gandhi, is both female and Catholic – can expect to be dogged by questions as to how in touch it is with the aspirations of India’s youthful population.

The top headline today, however, was a “no news” story. The symbol of the Congress Party’s next generation and scion of the nation’s first family, Sonia’s son Rahul, remains outside government. If next year’s assembly elections in India’s most populous state, Uttar Pradesh, are meant to be the launching pad for Rahul to assume what some regard as his rightful place as head of government, the Gandhis might be disappointed. In Indian terms, he has decades on his side, although as Dr Manmohan Singh heads toward seemingly inevitable retirement, expect one question to be asked increasingly: if now is not Rahul’s time, when is?

The Changes in Detail

Dr Singh has kept his promise from January: the second reshuffle of the year is a weightier affair. Moreover, there does appear to be a certain logic behind it. States with elections next year, UP in particular, were favored. Some, but not all, of those with two jobs now only have one, HRD and Telecoms Minister Kapil Sibal (Congress) being the key exception. Some of the young Congress ministers like Jyotiraditya Scindia, Sachin Pilot and RPN Singh, who were hopeful of promotion have, however, not been rewarded.

Seven men leave government altogether. Dayanidhi Maran of the DMK party had technically already resigned after being implicated in the 2G spectrum allocation scam. B.K. Handique (Congress) lost one his portfolios in January and is now dropped altogether. Dr M.S. Gill (Congress), who was moved in the wake of the Commonwealth Games fiasco, is finally gone, too. Murli Deora asked to be let go; his son Milind comes into government as minister of state for communications and information technology. Kanti Lal Bhuria is the other Cabinet minister to leave, to take on full-time charge of Congress affairs in Madhya Pradesh.

Four individuals were promoted to the Cabinet: Kishore Chandra Deo (Congress) to tribal affairs and Panchayati Raj; Beni Prasad Verma (Congress) from UP moves up from mines to steel; and, as expected, Dinesh Trivedi (Trinamool Congress) takes the berth left vacant by his leader, Mamata Banerjee’s election as chief minister of West Bengal. The other new entrant is Jairam Ramesh (Congress). Many industry voices will privately welcome the fact that the zealous former environment minister was moved out to be replaced by Jayanthi Natarajan (Congress) from Tamil Nadu.

Some swapping of portfolios within the Cabinet occurred also. Vilasrao Deshmukh (Congress), who resigned as chief minister of Maharashtra after the 26/11 Mumbai terrorist atrocities and who was named in the Adarsh Housing Society scandal, moves to science and technology from rural development. High-profile Veerappa Moily (Congress), formerly chief minister of Karnataka, loses law and justice to Salman Kursheed (Congress) from UP who is promoted from water but gains corporate affairs.

Two Congress Cabinet ministers gain additional portfolios: Anand Sharma from Himachal Pradesh - which also has elections next year - adds textiles to commerce and industry, while Pawan Kumar Bansal (Congress) adds the water portfolio to parliamentary affairs. Whether or not these two individuals will continue to hold two portfolios for the long-term remains an open question. The suspicion is that some portfolios are being kept warm for the DMK which did not make nominations this week, as party leader Karunanidhi focuses on liberating his daughter Kanimozhi from Tihar jail.

One surprise is that while UP has seen its hold on portfolios considerably strengthened, other key states with elections next year – Gujarat and Punjab – have not. The Nationalist Congress Party, a key UPA component which lost some traction in January, was not affected by today's changes.

Impact of the Changes

Halfway through his second term, will these changes restore Singh's reformist image which has unquestionably been hit by the multi-billion dollar corruption scandals and accusations of drift? That remains to be seen, but at least the widespread charge made in January – that tainted ministers were just moved around – has been avoided.

Whether today's changes, which appear at initial inspection to be motivated mainly by strengthening Congress' hand within the UPA, will also lead to renewed efforts to tackle the high level of inflation and new economic reforms is another open question. Rahul Gandhi claims that coalition maintenance makes it difficult to tackle such problems but his critics would retort that other countries appear to manage.

Bills to overhaul the land acquisition policy, the complex taxation system and liberalise foreign direct investment rules have suffered lately, dampening market performance and, it has been claimed, disconcerting investors. With a huge backlog of legislation, some of which dates back to 2004, it will be interesting to see if the BJP adopts a more "constructive oppositionist" approach in the next session of parliament to begin on August 1. Ominous signs, from weaker car sales to a dip in steel imports and FDI, all suggest urgent action is in order. These signals coincide with global worries that emerging markets could soon hit a financial bump.

The UPA government remains most immediately vulnerable on the question of corruption, however, and the DMK's continued support cannot be taken for granted. Senior UPA ministers and the prime minister himself have been criticized for sending out the wrong message by accusing the comptroller and auditor general of overreach for bringing various irregularities to light.

Nevertheless, the Congress-led UPA's strongest card remains a divided opposition. The Left can be in no mood for an election after its rout in West Bengal earlier this year after 34 years in power. The BJP on the other hand does not yet appear to have an agreed candidate for prime minister.

Despite the simmering tensions within the UPA, which may or may not be resolved by today's moves, it needs to find a narrative which gives some of its policy proposals -- on food security, humane land acquisition, profit-sharing for communities displaced by mining, making the right to education meaningful — the appearance of being elements of a wider vision for Indian society. Unless some unforeseen disaster befalls the UPA, there are still nearly three years to run before the next elections and everything to play for.

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