

Constitutional Reform

Bureaucratic Reforms

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—> **Is Virappa Moily committee on the right track for reforming bureaucracy?**

Business Reforms

—> **Preventing future aSatyams**

—> **ASatyam saga calls for total overhaul of business systems**

Management Section

Quote of the Month

Change will not come if we wait for some other person or some other time. We are the ones we have been waiting for. We are the change that we seek.

- Barack Obama (February 5, 2008)

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Feedback and articles for 'IRRO News'

Dear Readers,

Those of us who watched the inaugural ceremony of Barack Obama taking oath as 44th President of United States on 20th January, 2008 are surely in awe of the first Afro American taking charge of the most powerful country at a time when not only just the US but the entire world is facing some of the most serious problems since 1929. Americans (and equally the non Americans) believe that the new President can deliver. In his brief but highly eloquent speech, he touched upon almost all the issues facing the Americans and the mankind at the present juncture, in a very crisp and common man's language. He was confident, full of humility, yet firm in delivering the message on terrorism. Most importantly, his extempore speech touched the heart of the listeners.

President Obama is a great leader and great leaders assemble a great team around them, which he has done. Once upon a time, India too had such leaders. During the days of our freedom struggle, very bright and intelligent men with purpose joined the national movement. Some of these great leaders were in charge of the country for nearly a quarter century after independence. But, the gradual decline set in thereafter and we only shudder to think if the decline continues at the pace that we are witnessing today, consequences may well be serious for the country in the decades to come.

If we really want Obamas to crop up in this country, Indian polity has to undergo a radical change. At the closing year of sixth decade of our republic, our leaders and general public have to plan for total reform of Indian polity. Some of the areas of reform are briefly highlighted here:

We borrowed largely the 'Westminster's (UK) model for our constitution. But today in practice, features of our political system are very different from the ones that the parent model possesses. Features of UK model among others are: an essentially two party system at the center; major parties adhering to certain ideologies; leaders changing at the helm quite frequently in order to make the political system vibrant and attractive; leaders (who would lead in the event of winning) being known to the people in advance before the general elections, so that people have a focused choice; and more or less a fixed term of office.

Contrast this with the way our polity has emerged since the general elections of 1989. In the much applauded coalition-era, center is becoming weaker by the day. Unfortunately, history of India is littered with examples which show that whenever the center became weak, country remained weak for centuries and the invaders exploited the country's wealth and resources for their narrow end. Conversely, it was only during the strong centralized periods (Mauryas, Guptas, Mughals and finally during the British period) that country was on top and all round prosperity including economic growth had taken place.

Situation in the states has been even worse. Latest example is Jharkhand imbroglio. We have been witnessing how a mineral rich state, (which had a budget surplus of nearly Rs 2000 Crores at the time of separation from Bihar) has been virtually destroyed in last about a decade, where naxal forces are now ruling the roost.

A time has therefore come to think of creating a 'Second Republic of India'. The first republic has had a life of nearly six decades and now serious political and other reforms are required in order to create another (second) republic. There is nothing unusual about wholesale changes in the constitution. France currently is called 'The Fifth Republic'.

The second republic will enable us to achieve a stable polity at the center and in the states, a bureaucracy that will perform and a criminal-justice system, which will deliver results, besides higher economic growth for all citizens. To sum up, India would march on the path of becoming a developed country and become part of the first world.

A four-dimensional change is required to create the second republic. IRRO (Innovative Radical Reforms Organisation)'s agenda for "fundamental reforms in the basic institutions and systems of governance namely, in the Political Institutions, the Bureaucratic Institution and the Judicial Institution, in a holistic and integrated manner so as to unleash the wealth creating capacity of India as a whole" is an apt objective.

We would keep discussing these issues in detail in future issues.

**Sincerely,
President, IRRO**

Jharkhand imbrogio calls for urgent Constitutional Reform

Our constitution makers adopted a model of multiple parties competing in elections to form governments at the center and in the states. Rules for recognition of political parties were liberally framed, which has promoted continuous 'nuclear fission' like process of political fragmentation. The present system has led to colossal loss of precious resources, wastage of time, political and bureaucratic uncertainties and huge corruption at the state level, which seems may very soon catch infection at the central level at the peril of India's free society. In the sixtieth year of republic, the issue now needs an urgent attention for political reform at the state level and here is the way out.

United Kingdom has a unitary system of government and hence there was no example that could really be borrowed for developing a political architecture and structure for the state governments in India. As long as there was a one party rule in India, the system worked fine. But, since 1967, there have been too many unstable governments in the states, which in the light of our latest experience in Jharkhand needs an urgent fixing.

The right political architecture for political management of Indian states is the US model. In India, the size of the states varies vastly. Therefore, we can start reforming the system for the smaller states (with the fixed criteria of a certain size of population/number of MLAs/MPs or any other criteria). Smaller states like Jharkhand, Goa, Uttrakhand, Haryana, Chattisgarh and states in the north east, can hold state elections on US pattern, where candidates will directly stand for the chief minstership. Each candidate will have two deputies designated as number 1 and 2 in that order and go to polls. If in the first round, a candidate gets 40% votes, he along with his two deputies is through. In case no candidate gets the earmarked percentage of votes, a second round takes place among the top three contenders and the candidate getting the highest votes is elected.

Direct election for the highest office in the states will offer a clear choice for the voters like in the US and other mature democracies.

Then there must be two-term limit for holding the office of the chief minister, like in the US. Cabinet ministers similarly can hold office for not more than ten years. After completion of two terms, chief ministers can not enter any political office within the state. There should also be an indirect barrier for the progenies of the chief ministers to enter office and there should be a bar for them for 15-20 years for contesting the office of the chief minister. Further details of the scheme can be worked out in order to make the institution of the state government stable, certain and corruption free.

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Business Reforms

(a) Preventing future aSatyams

How to deal with an unprecedented business crisis, please read at

http://economictimes.indiatimes.com/Opinion/Preventing_future_aSatyams/articleshow/3970414.cms

(b) ASatyam saga calls for total overall of business systems

In the last three months, there has been a major shakeup in the business environment, starting with US and then spreading to other continents and sub-continent.

The icon of the modern free capitalism which the US was supposed to be, has fallen on the wayside and the challenge today is not just to provide impetus to economic growth and recoup the lost pieces of business. But the real challenge seems to be in developing a proper architecture for modern businesses, so as to sufficiently take care of speculative practices that have struck deep roots. Can we develop proper sets of business systems and practices, which will have an inherent capacity to avoid the frequent cycles of booms and busts? Policy makers in different countries are currently engaged in micromanagement of the current meltdown, but the governments around the world will have to ultimately take up future issues of developing proper business institutions that will regulate the businesses without causing undue interference in their wealth generating capacity and will allow to them the freedom for creativity and entrepreneurship.

In the Indian context, we have had a great business 'Tsunami' by way of Satyam's biggest fraudulent disclosure. India's IT sector once upon a time was an icon of transparency and accountability; it had companies like Infosys and TCS which can certainly stand tall in the midst of many in-transparent Indian businesses. Much has already been written about Satyam. But, we only hope that Satyam is an exception and India's IT industry will emerge champions once again.

Lessons from Satyam however should not be lost sight of. It has all the masala of a typical bollywood movie: complete failure and most disgraceful behaviour on the part of owners, failure of other share holders, independent Directors, Auditors and various Governmental Institutions. The true story would be known only after detailed investigations by various agencies come to a close. But suffice it to say that even big crimes have some small trails. Satyam too seems to have had left a number of trails, such as income tax notice to the company in 2001-02, which was politically managed and suppressed.

IRRO community only expects that the agencies concerned will dig deep into the trenches and come out with all the individual elements of fraud. New laws, regulations and requirements need to be devised which will provide deterrence to such practices for future.

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Management Section - A Lesson in Innovation

Vanilla Ice Cream that led to innovation at General Motors!

Never underestimate your clients' complaint, no matter how funny it might seem! This is a real story that happened between a customer of General Motors and its 'customer care executive'.

A complaint was received by the Pontiac Division of General Motors-

"This is the second time I have written to you, and I don't blame you for not answering me, because I sounded crazy, but it is a fact that we have a tradition in our family of Ice-Cream for dessert after dinner each night, but the kind of ice cream varies. So, every night, after we've eaten, the whole family votes on which kind of ice cream we should have and I drive down to the store to get it. It's also a fact that I recently purchased a new Pontiac and since then my trips to the store have created a problem.....

You see, every time I buy a vanilla ice-cream, when I start back from the store, my car won't start. If I get any other kind of ice cream, the car starts just fine. I want you to know I'm serious about this question, no matter how silly it sounds. What is there about a Pontiac that makes it not start when I get vanilla ice cream, and it is easy to start whenever I get any other kind?"

The Pontiac President was understandably skeptical about the letter, but sent an engineer to check it out anyway. The latter was surprised to be greeted by a successful, obviously well educated man in a fine neighborhood. He had arranged to meet the man just after dinner time, so the two hopped into the car and drove to the ice cream store. It was vanilla ice cream that night and, sure enough, after they came back to the car, it wouldn't start. The engineer returned for three more nights. The first night, they got chocolate. The car started. The second night, he got strawberry and the car started. The third night he ordered vanilla and the car failed to start.

Now the engineer, being a logical man, refused to believe that this man's car was allergic to vanilla ice cream. He arranged, therefore, to continue his visits for as long as it took to solve the problem. And toward this end he began to take notes: He jotted down all sorts of data: time of day, type of gas uses, time to drive back and forth etc.

In a short time, he had a clue: the man took less time to buy vanilla than any other flavor.. Why? The answer was in the layout of the store. Vanilla, being the most popular flavor, was in a separate case at the front of the store for quick pickup. All the other flavors were kept in the back of the store at a different counter where it took considerably longer to check out the flavour. Now, the question for the Engineer was why the car wouldn't start when it took less time. Eureka - Time was now the problem - not the vanilla ice cream! The engineer quickly came up with the answer: "vapour lock".

It was happening every night; but the extra time taken to get the other flavours allowed the engine to cool down sufficiently to start. When the man got vanilla, the engine was still too hot for the vapor lock to dissipate. Even crazy looking problems are sometimes real and all problems seem to be simple only when we find the solution, with cool thinking. Don't just say it is " IMPOSSIBLE" without putting a sincere effort.... Observe the word "IMPOSSIBLE" carefully. Looking closer you will see, "I'M POSSIBLE"...

What really matters is your attitude and your perception.



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Quote of the Month

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-- **Barrack Obama (February 5, 2008)**

So, dear countrymen and fellow citizens, let us together think of the highest level change that we can think of, for creating an India that will be stronger, more prosperous and find its true status among the comity of nations. That is what IRRO seeks to achieve.

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Please visit our web site www.irro.org for having a look at the micro details of how to build a strong nation with strong institutions and systems. An interesting Power Point Presentation gives a broad overview of how we want to achieve our objectives. Become a member of our NGO. We specially welcome educated and literate people who have taken a back seat in the last over two decades. They should now 'take the command of the ship on a voyage of reforms'.

We also seek financial assistance from all our readers and others who are interested in meeting this NGO's objectives. Donations are exempt under Section 80G of the Income Tax Act. Please send a cheque drawn in the name of 'Innovative Radical Reforms Organisation' at the following address:

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