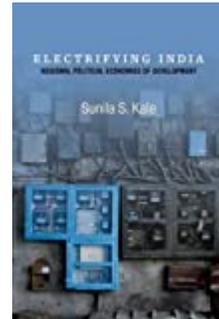




Sunila S. Kale. *Electrifying India: Regional Political Economies of Development.* Stanford: Stanford University Press, 2014. 264 pp. \$45.00 (cloth), ISBN 978-0-8047-8796-3.



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Electricity Policy in India

Advances in science and technology, however transformative, can deliver the desired outcome only when the local political and social environment favors it. Few scientific inventions can parallel electricity in terms of the capacity to transform everyday lives of people. Yet, in India, access to electricity has been steered not by its potential transformative benefits, but by local politics, which charts its own trajectory often at variance with national goals and objectives and privileges chosen beneficiaries. Local political history also explains the unevenness in electricity access across states.

Sunila Kale's excellent analysis of the politics of electrification in India wades deftly through the country's national and provincial political history and social contexts to identify driving forces that shaped the level of electrification in three Indian states—Maharashtra, Orissa, and Andhra Pradesh. The study analyzes developments influencing the electricity industry from the colonial period right up to 2003, which the author considers the watershed year in India's infrastructural development. The Electricity Act, 2003 attempts to reverse the

imbalance in center-state jurisdictions over this vital infrastructure.

Central to the book is the argument that the factors that favored or impeded successful reform of electricity sector in the post-liberalization era have their roots in their past. The author maintains that the outcome of the reforms undertaken in the 1990s can be traced to the same forces that shaped the levels of electricity access in the first place. Gujarat has been cited as the only deviation from the trend, attributable to a decisive chief minister who was able to break the power of peasant unions.

The electricity industry, argues Kale, is akin to the Indian Railways in size, capital investment, and symbolic authority, and by extension, in its potential to integrate and transform the nation as a whole. Yet, while the development of railways symbolized the consolidation of power of the central government, electrification charted a different course directed largely by the provincial governments and leading to uneven access and inequitable distribution. One reason for this is the placement of elec-

tricity in the concurrent list of the Indian constitution despite B. R. Ambedkar's reservations in this regard. In independent India, initially, states waded into electricity sector. Over a period of time, seduced by its immense political potential, the states built themselves powerful constituencies which crowded out the center.

However, in recent decades, the center has claimed some of this space through the establishment of successful public-sector generating companies and transmission networks. The Electricity Act, 2003 is the culmination of this consolidation where the center has finally established its legislative supremacy. Yet, as the author points out, there continued to be important differences in how electricity was allocated across consumer segments and at what price; and the speed and direction of India's market reforms in energy continued to be determined by state governments (p. 61).

The three states of Maharashtra, Orissa, and Andhra Pradesh have each had their own distinct social and political context which shaped the extent of electricity access within their state boundaries. The same patchwork of political economies also determined the checkered outcome of the reform processes launched in the 1990s. In Maharashtra, the influential sugarcane lobby ensured that reforms would support the existing matrix rather than dismantle it. Ironically, Orissa's successful privatization of its electric utilities owes not a little to its very underdevelopment. The extensive rural subsidies on which Andhra's agrarian political base rested turned out to be the nemesis of its reformist chief minister.

Astute as these observations are, the author stops short of essaying an analysis of the ultimate outcome of the reform itself, not just the reform process. Triggered by worsening finances, reforms in electricity sector were contemplated as a means to restore the financial health of the utilities so that the national objective of comprehensive electricity access could be realized. Privatization, elimination of cross-subsidies, and rationalization of tariffs can at best be interim steps to achieve the ultimate objective of equitable electricity access for all. Attracting private investments into the sector is one way of achieving this objective, but not necessarily the only way. Centralization of control over the electricity sector may or may not deliver the desired outcomes, especially considering the poor scorecard of the center in other areas of infrastructure. Thus, a distinction needs to be made between the success of the reform process and successful reforms.

The acid test of reforms would be the extent to

which they would reduce the unsustainable and mounting transmission and distribution losses of the utilities. State electric utilities were and still are less plagued by farm subsidies than they are by the theft of electricity. When reforms were launched, in many states, between a quarter and half of all electricity supplied was unpaid for, on account of theft, non-billing and non-collection. Even after netting out notional farm supplies, transmission and distribution losses remain the single largest drain on the resources of the utilities, driving them to financial ruin. Certainly, there are social, political, and economic incentives that favor this status quo. Identifying these incentives and eliminating them is critical to the success of the reform. An overhaul of the existing governance structures, possibly through private ownership, without actually phasing out the incentives can achieve only so much. The debate has to move beyond rural-urban or provincial-national power equations to identify the incentives that favor the status quo.

India's electricity industry has been a much-researched arena. The dominant narrative has focused on recent political economy and the role of multilateral institutions. Kale's key contribution lies in deconstructing infrastructure reforms in India from historical sociopolitical context: the earlier period of an advancing state apparatus conditioned in important ways, the manner of the state's retreat in the following period (p. 5). The book is a valuable addition to the literature on India's beleaguered electricity industry inasmuch as it throws light on how and why India's electricity sector developed the way it did.

The author also rightly emphasizes the need for reforming the governance structures, albeit in a different context: What is perhaps more necessary, however, is to reform the governance structures of the power sector to give more authority to regulatory institutions and utilities that have incentives to consider a more regional and national perspective in making decisions about how electricity is allocated and priced (p. 179).

In a democratic federal polity where regional parties are getting entrenched as a force to reckon with in national politics, dismantling the status quo will entail much more than just empowering regulators and utilities. Creeping centralization through legislative initiatives cannot usurp the space firmly occupied by the states. At the end of the day, electricity is an intensely political good and as such, there can only be political solutions to achieve the national target of universal access and turn electricity into an engine of growth.

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