# CONTENTS

# ECONOMIC DEVELOPMENT

HINDU 2.3.10 ECONOMIC DEVELOPMENT

## A critical area

By allocating 46 per cent of the total plan expenditure to infrastructure development, Finance Minister Pranab Mukherjee has clearly shown how imperative this is to return to a higher growth trajectory. That highways, railways, and power got a lion's share of the allocations for 2010-11 signals a clear priority to connectivity and electricity. Rural roads too got a quantum jump in funding. No less significant is the government's commitment to involving the private sector all the more in infrastructure development. Witness Mr. Mukherjee's statement: “With development and economic reforms, the focus of economic activity has shifted towards the non-governmental actors, bringing into sharper focus, the role of government as an enabler.” So, the objective seems to be to create an “enabling ethos” for Public Private Partnership (PPP). Going by the Rs.1,73,552 crore allocation for upgrading both urban and rural infrastructure, it is evident that the government wants to accelerate development of high quality physical infrastructure such as roads, ports, airports, railways and power. In this mix, the road and energy sectors come in for special attention for two reasons — some of the ongoing programmes are critical and there has been a perpetual shortfall in the achievement of targets over successive Five-Year Plan periods. The last two years have seen a substantial increase in investment in infrastructure, but as a proportion of the GDP the figure is just around six per cent, three per cent short of the requirement.

The Finance Minister has raised the budget allocation for the road transport sector from Rs.17,520 crore to Rs. 19,894 crore — a 13 per cent increase. The government, notably the Highways, and the Planning Commission have targeted a construction pace of 20 kilometres-a-day of the National Highways. Though a massive highways upgradation and expansion programme was launched way back in 1999 and subsequently revamped in 2006, the progress has not been satisfying. Litigation and implementation delays continue to hamper the effort. Similarly, on the power front, there has been a major shortfall in reaching the targets for the 8th, 9th, and 10th Five-year Plans. Even the 11th Plan target is unlikely to be reached. The allocations for the power sector have been doubled for the coming year, and a major impetus given to new and renewable energy. It is not enough for governments to just allocate funds. Infrastructure projects must be made attractive for private and foreign investors, and the States need to be fully involved in implementing and monitoring them.

HINDUSTAN TIMES 6.3.10 ECONOMIC DEVELOPMENT

**It's okay to be a jholawala these days**

Vir Sanghvi

I don't know if you have realised this but the terms of debate in Indian politics have changed quite dramatically over the last decade. Take some recent controversies: the decision to tax petrol but to subsidise kerosene; the fuss over land acquisitions for Special Economic Zones (SEZs)and the Nandigram furore; the massive write-off of farmers' loans; the National Rural Employment Guarantee Act (NREGA) scheme and the dispute over how to tackle the following that Naxalites have gained in tribal areas.

Though each of these issues is different, the debate is almost exactly the same.

In every case, the argument is between the same two schools of thought: those who believe that the stability of the economic system is paramount and those who reckon that the formal economic system has failed to distribute resources fairly across India and across social classes. The first school of thought argues that India is now an emerging superpower, potentially one of the world's largest economies. If we are to take our rightful place in the world then we must be economically responsible.

It argues that we cannot simply write off loans because this will create a mentality where people never pay their debts. We cannot continue to subsidise products because subsidies create distortions in the economy. NREGA may help individuals but it is of little benefit to the economy as a whole. And as for land acquisition, this is an inevitable aspect of economic progress.

The second school of thought argues that while the Indian economy has performed spectacularly over the last decade or so, the gains of this new prosperity have not been fairly distributed. The formal economic system tends to favour those within the organised sector and entirely ignores those at the margins of society.

This school believes that it is an obscenity that farmers should continue to commit suicide only because they cannot repay loans. It is absurd to expect the poor to keep paying more and more for kerosene when they can barely earn enough to stay alive. Because the economic system has not been able to create enough jobs, the NREGA is a necessity.

Broadly put, it argues that the gains of the recent prosperity will not reach those at the bottom of society if they are distributed according to the market. Therefore, there must be direct transfers of resources (loan write-offs, subsidies etc) if we are to ensure social justice and prevent people from being swayed by the likes of the Naxalites.

The interesting thing about these terms of reference is that they have pushed the old Left-Right divide into irrelevance.

Both Left and Right are on the side of formal economics. The Left aligns with the Right for land acquisition whether in Nandigram or Singur, arguing that agriculture must give way to industry. Nor does the Left have any patience with Naxalites. It believes that all reform must come through the State. And it agrees with the Right that tribals must be moved if there are mineral resources under their villages because these resources belong to the nation as a whole.

If there is a difference, it is that the Left puts its faith in the State while the Right believes in the market. But neither side believes that we must go outside the formal economic system for direct transfers of resources. Neither side agrees that it is insensitive to force people off land that their families have tilled for generations only so that new factories can be built.

In political terms, the second school of thought is often associated with Sonia Gandhi. Certainly many of the controversial direct-transfer initiatives stem from her conviction that she has seen both socialism and capitalism up close and that neither seem to do very much for the poorest in our society. Hence her support for NREGA, loan write-offs, kerosene subsidies etc. (Her passion for the Right To Information, RTI, flows from the same mistrust of the State and of 'isms'.)

After some initial scepticism, the political establishment has fallen in line. Even the BJP which made fun of her 'jholawala' ideas has stopped laughing after the Congress got re-elected. There is little doubt that these were the policies that won the Congress the election.

But what surprises me is that even middle-class cynicism about the direct-transfer approach seems to be fading. The kerosene subsidy provokes little outrage. Contrast the way the editorial writers treated the provisions for social schemes in this budget to the scornful pieces that greeted the introduction of NREGA and the loan write-off.

One indication of the change in mood is the attitude to Naxalites. I am always surprised to see how much sympathy there is for the followers of the Naxalites (if not the Naxalites themselves) in such middle-class media as Twitter and the internet. There is a growing recognition that we have prospered while others have starved.

Another indication is the growing ambivalence over land acquisition. When Mamata Banerjee began her agitation against the Nano project, almost everyone I know in Calcutta was angry and outraged. But eventually, most of them voted for Mamata anyway. And today, if you mention SEZs, many people will argue that these involve seizing land from poor farmers for the benefit of well-connected fat cats.

It matters also that global capitalism is in crisis. Five years ago, Wall Street was telling us to use the market more innovatively and to be ruthless with those who lagged behind. Then, Wall Street itself went bust and the investment banks went running to governments for funds to help them survive as they lagged behind. Wall Street's failure awakened the Indian middle class to the limitations of the global capitalist model. Of course, the market has enormous strengths. But it also has hidden weaknesses.

I suspect that the softening of middle-class attitudes towards social sector schemes marks a coming of age. The middle-class is now more at ease with the new prosperity. The old greed is fading and a more balanced recognition of the need for equitable growth is emerging.

My worry is that this new divide between the formalists and those who want to go outside the system is not being debated or discussed enough. The model works at present because Sonia Gandhi has the clout to push for social sector schemes and Manmohan Singh has the experience to know when to give way and when to hold firm.

But a consensus cannot be based on individuals and their balancing effect on each other. It must derive out of reasoned argument and out of the consent of the Indian people.

So perhaps it is now time to junk the old arguments about Marxism versus the Market. Both are gods that have failed. What we need is an Indian model of development and distribution that recognises our special needs.

We seem to be getting there. But of course, there is much more to be done. And much to be debated.

*The views expressed by the author are personal*

ECONOMIC TIMES 4.3.10 ECONOMIC DEVELOPMENT

**Drive growth with fiscal prudence**

Jaideep Mishra

Budget 2010 is fiscally-prudent and seems policy-designed to shore up the economic growth momentum. The way ahead is to boost efficiency

improvements and productivity gains right across the board, by incentivising speedier redeployment of productive resources and assets.

The Budget estimates peg the fiscal deficit at 5.5% of gross domestic product (GDP), as announced in Budget 2009. It's a significant reduction from the fiscal deficit for the current year, the revised estimates of which put it at 6.7% of GDP. This implies fiscal consolidation.

Now, the fiscal deficit denotes the Centre's total expenditure less tax and non-tax revenue receipts and non-debt capital receipts (like disinvestment proceeds), and a reduced figure year-on-year suggests reduced governmental borrowing requirements. What's budgeted is market loans of Rs 3.45 lakh crore, down from just under Rs 4 lakh crore for the current year.

The move ought to keep off the pressure on interest rates, keep bond yields range-bound and, generally speaking, keep the cost of funds easier.

The point is that reduced market borrowings by the Centre should mean less ‘crowding out’ of corporate investment, which ought to aid capital formation, adding to growth. Note that gross capital formation in the private sector, which indicates investment trends in business and industry, has been subdued in the last couple of years of slowdown, against the backdrop of the global financial crisis.

Meanwhile, the revenue deficit — the difference between revenue expenditure and revenue receipts — has gone off-target. But too much ought not to be made of the slippage as the profile of revenue expenditure of the Centre has considerably changed for the better in recent years.

The revised estimates for the current fiscal year show the revenue deficit at 5.3% of GDP, up from 4.8% in the Budget estimates. Also, the budgeted revenue deficit for the next fiscal is pegged at 4% of GDP, higher that the 3% figure in the medium-term fiscal policy statement announced last year.

It is true that revenue expenditure of the central government, which accounts for bulk of the Budget, includes interest payments, subsidies, etc, and so, needs to be kept in check.

However, many centrally-sponsored schemes are meant to create durable infrastructure such as rural roads, irrigation works and power supply, and are not labelled as ‘capital expenditure’ simply because the assets are not owned by the Centre. One would need to be a trifle economical with the truth to classify such revenue expenditure as being ‘unproductive’ in nature.

That said, what’s required in sound policy implementation on the ground, to see to it that outlays do, in fact, result in objective outcomes. What’s needed is close monitoring and follow-through. And, on this count, it is welcome that there’s a central monitoring, evaluation and accounting system in place, with a unique ID for all sanctions to enable tracking and follow up.

The way forward is routine public scrutiny, vetting by NGOs and the like, and the plan for setting up an Independent Evaluation Office, as announced in the Budget, should add to transparency as well.

Also notable is the governmental move to target an explicit reduction in its domestic public debt-GDP ratio. The finance minister did announce that he intends to bring out, within six months, a status paper giving a 'detailed analysis of the situation' and a road map for reducing the overall level of public debt. It would be followed up by an annual report on the subject, the finance minister added.

The idea of greater transparency on the public debt front, together with the intention to fiscally account for all and sundry subsidies in the Budget — and do away with the practice of issuing off-Budget bonds in an attempt to show the fiscal deficit lower than what it actually is, an announced by the finance minister, would be pathbreaking indeed.

It is an accepted economic fact that there's a pronounced deficit bias in budgeting due to the notion of fiscal illusion, the belief that voters do not figure out Budget constraints and attendant implications because the information costs are much too high. It is perverse incentive for the executive to raise spending now and again. It can well mean limited or no surpluses during economic booms.

And the new moves on the public debt front ought to change deficit bias. In a perceptible slowdown though, with both private consumption and investment behaviour uncertain, as during 2007-09, it makes perfect sense to budget a higher fiscal deficit to considerably boost growth, as indeed has been the case.

Without the loose fiscal stance of the last two years, we would have had unacceptably-large deceleration in the growth momentum, which is eminently avoidable. But the need now is to fiscally consolidate, and to keep the overall costs of fiscal over-extension within prudent limits. The reduction of direct tax rates, both of personal and corporate

income taxes, should boost consumption, and willy-nilly prop up investment. But redeploying capital assets takes several years. This is wholly incongruous in a reforming economy. We need to clean up and rewrite financial sector laws without further ado, for the sake of much-needed flexibility and enterprise. About time, surely.

ECONOMIC TIMES 3.3.10 ECONOMIC DEVELOPMENT

**Structuring a new partnership**

Kiran Karnik

In his Budget speech, finance minister Pranab Mukherjee noted three challenges. The first, widely noted and much applauded by corporate India,
concerned finding means to cross the 'double-digit growth barrier' .
The second , less glamorous and hence less discussed , is in harnessing economic growth to make development more inclusive. The third, which attracted little notice and comment, relates to 'weaknesses in government systems, structures and institutions' that he recognised as a 'bottleneck of our public delivery mechanisms' .

The Budget is not really the vehicle to address the last concern, unlike the first two, which are the meat of any budgetary exercise. However, it is noteworthy that with regard to governance too, the Budget had two significant initiatives. The first is the creation of a technology advisory group for unique projects, which will handle technological and systemic issues connected with various IT projects of the finance ministry. The second is an independent evaluation office, which will evaluate the impact of flagship programmes.

The minister also mentioned progress regarding implementation of the Administrative Reforms Commission's recommendations . Yet, he looked on these as measures to support transparency and accountability , rather than steps to radically change systems and structures of implementation . The fact is that without radical improvements in governance, delivery of public goods will be inadequate, inefficient and ineffective. So far, the government has sought to increase the impact by pumping in disproportionate amounts of money. Even this often does not work. Marginal improvement — at best — in outcomes can be brought about by pumping in more money into the rusted and leaky pipeline, but beyond a point, the leak will only haemorrhage further and there will be decreasing returns.

There are many examples of dysfunctional government structures and inefficient processes. A very recent one is the proposed road under the runway at Delhi airport to provide a vitally-needed alternative link to the upcoming new terminal . Despite urgency associated with the Commonwealth Games, this project has been held up because a comparatively paltry sum of money (apparently Rs 35 crore) to be paid by the Delhi government to the execution agency (Delhi Metro, another government body) has not been paid. The former says that the money is to come from the ministry of urban development , which has — according to reports —not responded for a few months. It is reported that the Delhi government has sent a reminder! Here are government agencies , taking months to provide a small amount of money for a critical and timebound project. Examples of this nature — involving interfaces or disputes amongst arms of the government — abound, and it seems that no one is able or willing to step in and take a final decision.

The launch of 3G telecom services is another case of systemic chaos. Where we had a chance to leapfrog into a global leadership position, the delay in allocation has put us behind by many years. Doubtless, some corporates benefit from the long delay ; however, mobile-telephony consumers (already near the 500-million mark) have lost out, and so has the country. All this because of wrangling within and between ministries, possibly instigated by vested commercial interests. This needed decisive high- level intervention or — better still — a systemic mechanism to prevent delays and solve such disputes.

THE government has often chosen to use the modality of an empowered group of ministers to resolve inter-ministerial issues. The previous government had dozens of them (practically all chaired by Pranab Mukherjee), their very existence pointing to the growing need for both coordination and single-point decision-making on complex/controversial issues . Rather than such an ad hoc mechanism , and the unfair burden it casts on a fully-occupied minister, it's time to institutionalise a permanent way to deal with these matters, as a part of a restructuring of governance. Should there be sectoral tsars for communication, education, power and other such areas that tend to involve different ministries? Though confined to a ministry, TAGUP may be a model.

This arrangement will speed up decision-making , but only if it is known to have the complete support of the leadership ; if not, bureaucrats will certainly stymie it. However, this is not enough. There is an urgent need for new systems, structures and professionalism especially in the social sector, now receiving very large funding . This Budget has provided massive allocations for rural employment, education and rural infrastructure. Managing these schemes efficiently is going to be key to whether development is truly inclusive or whether we become a schizophrenic society with unsustainable inequities. Yet, there is little attention on the appropriate people, systems or organisational forms.

Private-public partnership is often a good solution, but is not always the best solution — especially because it is increasingly interpreted as privatisation through the back door. A genuine partnership would use the domain expertise of the government organisations in areas like education and rural development, and combine it with the marketing, financial and managerial skills of the private sector. In addition, it is necessary to tap civil society organisations and social scientists to understand user needs and get feedback from local communities. This would mean creating new structures to allow and facilitate such inputs and evolving new systems that permit local variations and responsiveness to specific needs, in place of the present bureaucratic and rigid one-size-fits-all framework.

It may be time to experiment with a new apex body — akin to the Independent Evaluation Office — that oversees social sector schemes and has as its mandate the creation of implementation organisations that bring together expertise from government, private sector and NGOs. A pilot project in one state would prove the efficacy or otherwise of this approach. This could be a path-breaking initiative that could synergise rural employment guarantees with skills development and social entrepreneurship and provides a flying start to the National Rural Livelihoods Mission. This may be an appropriate follow-up to FM Mukherjee's concern for weaknesses in the government system.

(The author is an independent policy and strategy analyst)

# EDUCATION

HINDU    6.3.10   EDUCATION

**Education in the Union budget**

Jandhyala B.G. Tilak

*The proposals do not indicate any special significance being attached to education.*

— Photo: Mohammed Yousuf

**A narrow and badly lit classroom at a government primary school in Hyderabad. The allocation for elementary education saw a meagre 15 per cent increase in the current budget.**

One looks forward to the Finance Minister's budget speech with a hope that it spells some new major initiatives and schemes for development, and that it might promise any major allocation of resources to any sector, besides fresh tax proposals. In the case of education sector, one might feel disappointed at the proposals made in the Union budget for 2010-11 on both counts. No new initiatives are proposed; no major reference to the importance of education is made, except referring to the enactment of the Right to Education. The proposals on allocation of resources also promise little new.

Modest increase

The total plan allocation for education sector has been raised by 15 per cent to Rs.42,000 crore, from Rs.36,400 crore proposed in the 2009-10 budget. (The revised estimate for 2009-10 is only Rs.30,600 crore.) At the current rate of inflation, the increase is very modest, if not insignificant.

The allocation for elementary education is increased from Rs. 21,700 crore in 2009-10 to Rs. 25,000 crore in current budget — a meagre 15 per cent increase in nominal terms. This includes an allocation of Rs.15,000 crore for Sarva Siksha Abhiyan (SSA), the major flagship programme for universalisation of elementary education and Rs. 9,300 crore for the national scheme of mid-day meals — together accounting for 97 per cent of the total allocation for SSA. Among others, strengthening of teachers training institutions and quality education in madrassas are the two notable budget items that account for the rest. The increases in allocation of resources to SSA, the mid-day meal scheme and the elementary education as a whole seem to be only token increases. The allocations pale further, given the context of enactment of the Right to Education legislation by Parliament only a few months ago, which promised substantial improvement in access, quality and other dimensions of elementary education and provision of quality education to every child as a fundamental right. The implementation of the Right to Education Act requires enormous resources. Conservative estimates put the requirement as Rs. 171,000 crore for a five-year period, but the government seems to have decided, as per the media reports, to provide only Rs. 32,000 crore for the remaining two years of the eleventh five year plan for SSA, which is considered the main or the only scheme for the implementation of the Act. It appears the Ministry had sought an allocation of Rs. 40,000 crore in the current budget, and the Planning Commission seemed to have indicated its willingness to allocate Rs.35,000 crore; and the Ministry of Finance has allocated finally only Rs.15,000 crore for SSA and Rs. 9,300 crore for midday meals.

In fact, two thirds of the total allocation to elementary education comes from the Prarambhik Siskha Kosh, which is essentially made of the revenues received from education cess for elementary education. Though the District Primary Education Project (DPEP) has been virtually closed, reliance on external assistance for elementary education continues. External aid for elementary education increased from Rs. 683 crore in 2004-05 to Rs. 1,584 crore in 2008-09. In the allocation made for SSA in the current budget foreign aid which is of the tune of Rs. 1,028 crore, constitutes about seven per cent; in addition, foreign aid forms 90 per cent of the Rs. 46 crore proposed for Mahila Samkhya.

On the whole, the overall allocations to elementary education may put serious question marks on the seriousness of the Union government on the implementation of the Right to Education Act, which is yet to be notified.

The allocation to secondary education was least raised — from Rs. 4,600 crore to Rs. 4,700 crore. For universalisation of secondary education, the Rashtriya Madhyamik Siksha Abhiyan (RMSA) was launched recently. While Rs. 1,354 crore was allocated to it in the last year's budget, only 40 per cent was spent as per the revised estimate. Navodaya Vidyalayas, RMSA and the scheme of setting up of 6,000 model schools at block level as a bench mark of excellence can be regarded as the three major budget items in secondary education in the current budget. Of the 6,000 model schools, 3,500 were to be set up under public-private partnerships modes which are yet to be finalised.

The National Means-cum-Merit Scholarship scheme was launched in 2008-09, according to which a scholarship of Rs. 6,000 per annum per head is awarded to meritorious students of economically weaker sections to enable them to continue their studies and complete at least senior secondary education. In 2009-10 Rs. 750 crore was allocated to the scheme. But as per the revised estimates only Rs. 253 crore was spent. One might expect such a scheme that aims at promoting equity and merit, to receive serious attention in the budget allocations. Surprisingly, the allocation to the scheme has been slashed in the current budget to Rs. 90 crore — to about one-third of the revised estimate and 12 per cent of the of the budget estimate of 2009-10.

Allocation to adult education has been more than doubled increasing it from Rs. 450 crore to Rs. 1,300 crore, the major beneficiary being the recently restructured and renamed Sakshar Bharat Programme.

For higher education

Allocations to higher education (general and technical) are also modest; they increased from the budget estimate of Rs. 9,600 crore in 2009-10 to Rs. 11,000 crore in the present budget. The total plan and non-plan allocation to technical education increased from Rs. 5,400 crore to Rs. 6,000 crore. For setting up of new IITs, again Rs. 400 crore has been allocated, like in the previous year. A significant increase in the allocation has been made for upgrading existing/setting up of new polytechnics. An allocation of Rs. 220 crore has been made for the same, compared to Rs. 45 crore in the previous budget. Non-plan allocations to the UGC, IITs and IIMs etc., have been reduced, though there is a small increase in plan allocations. This might mean that the higher educational institutions will need to either raise student fees or face a difficult situation when it comes to maintaining their infrastructure.

More importantly, the budget allocations do not indicate any major restructuring of the University Grants Commission (UGC) or the All-India Council for Technical Education (AICTE), as the total plan and non-plan allocation to the UGC remains more or less the same around Rs. 7,300 crore and that to the AICTE nearly Rs. 200 crore. There is, of course, a separate provision of Rs. 40 crore for the establishment of tribunals, accreditation authority, the National Commission on Higher

Education and Research (NCHER) and National Finance Corporation. The draft bills to set up some of these bodies are believed to be at an advanced stage, getting clearance from the cabinet committee etc.

The proposed NCHER is to subsume the role of UGC, AICTE and other similar bodies. Further, in recent years organisations like the Indian Council of Social Science Research (ICSSR) were subject to a thorough review and experts have recommended major revamping of the organisation and its institutes. The somewhat stable allocation of Rs.50 crore to ICSSR and equally stable allocations to other research institutes indicate no major thinking on the development of research in social sciences in these organisations.

The only scheme that attracted a huge allocation in higher education — Rs.500 crore is the scheme of interest subsidy to educational loans. This scheme, which seems not to have taken off during the last year, is meant to provide subsidy to the students of weaker sections to the extent of interest payments for the duration of the studies.

While the scheme needs to be welcomed, it also indicates the government's intention to increasingly rely on student loans as an effective method of funding higher education, rather than providing

general subsidies or scholarships.On the whole, the proposals made in case of education in the 26th Feb 2010 Union budget, to say the least, do not indicate any special significance being attached to education — neither to the Right to Education Act, nor to the recent proposals on universalisation of secondary education, nor to the reforms being discussed in higher education.

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# SOCIOLOGY

TIMES OF INDIA   7.3.10    SOCIOLOGY

**Be modern, be 'civil' to domestic servants**

M J Akbar

A hundred years ago, according to a recent book, domestic servants constituted Britain's largest source of employment. That simple statistic reveals, better than anything else, the inequality of a class-driven society, and the partnership between wealth and power in Victorian and post-Victorian Britain. The Industrial Age was well under way, but had not achieved the critical mass that would broaden the working class and spawn the Labour Party. The British upper classes were not cruel to servants, although there were strict distinctions: in a grand house, servants were permitted to eat and drink as much as they wished, but could only live downstairs.

The meltdown of the ancient regime was evolutionary in Britain, rather than revolutionary, as in Russia, even though British democracy was a stained and evolving process, full of rotten boroughs and inbuilt inequity.

Democracy needed a lot of latitude if as famous a prime minister as William Pitt – the Elder could be considered elected, when the total electorate in his constituency consisted of five voters. Women got the vote even later than the "lower classes". It took two world wars, and the death of millions of poor in the service of an empire designed to fatten the rich, before the privileged system withered.

Nineteenth century America did not have servants, it had slaves; and slavery reinvented itself in many forms after its official abolition before it withered. The British attitude towards colour was far more sophisticated, and many nuances of racism could survive under a veneer of wit. Samuel Johnson, famously, had a devoted Jamaican servant, Francis Barber, as well as a pet cat. Barber was not allowed to carry the cat as it would be demeaning to both.

More to the point, today the word "servant" has disappeared from the popular lexicon of both America and Europe. If it survives it is only within the construct of a "civil servant" — who is definitely not a servant, and very often not particularly civil either. Of course, there is still a population that earns from service at homes in the West: the huge demand for "illegal" immigrants confirms this. But the terms of reference have changed in favour of the servants. Only a thin elite can afford full-time house servants, since their cost is high, and beyond the reach of the professional middle class.

There are, at least to my knowledge, no statistics available, but it would be a safe bet to claim that the largest source of employment in contemporary India is domestic servants. In that sense, we are where Britain was a century ago. There is a world of difference between the service economy and a servants' economy; India claims the first and lives in the second. The domestic servant is the first rung of aspiration for more than half of India.

The tensions are palpable, particularly in urban India, which has neither the sense of neighbourhood nor a culture of sympathy. The servant is both the provider as well as the potential assailant, particularly if male, for he belongs to a world that is distant both geographically and psychologically. The young man cleans utensils only because he is a prisoner of necessity. The rewards are pitiful; the treatment pitiable. The threat of servant violence is the regular diet of the media; but cruelty towards servants is largely ignored, perhaps because journalists are part of the middle class and complicit.

Developed societies in the West created robotic machines, like the dishwasher, to fill the gap, even as they lifted the poor into an expanding middle class, loosely defined as a group with enough for food, clothing, shelter and basic education. The Indian attitude to washing machines is unique: we hire servants to use them. Those who cannot afford washing machines can still afford servants to wash clothes the older way. Some overlap is understandable in the transition phase, but the incremental rise in upward mobility is a flickering fact, not a sustained reality.

The tension of denial is evident on the visage of those servants who haven't reconciled to their dull fate. It's true that the majority of servants have no dispute with their economic destiny, since this maximum-effort, minimal-reward employment prevents starvation. But that, surely, is not

a pleasant reality.
The good news about India is that plumbers and electricians are becoming more expensive. The rising cost of skills is proof of some transfer of wealth. A tongue-in-cheek view suggests that India will not become a modern economy as long as there are civil servants. Let me assert, tongue firmly in right place, that India will become a modern economy only when domestic service is treated as civil, and a service that deserves the salary available to the starting circle of government jobs.

# WOMEN

ECONOMIC TIMES 7.3.10 WOMEN

**Centenary gift: Women's Reservation Bill**

Mythili Bhusnurmath

Increasing reservation for women in Panchayats is no substitute for denying them reservation in Parliament.' So I'd argued in my column last August when the Cabinet decided to hike reservation for women in all tiers of the panchyati raj system to 50% while remaining silent on the more contentious issue of reservation in Parliament.

Well, it looks like the Cabinet has finally seen reason. Late last month it approved an amended version of the Women's Reservation Bill 2008. And in a move fraught with symbolism, has decided to introduce it in Parliament on the 100th anniversary of International Women's Day tomorrow.

However, reservation itself need not be symbolic. Research suggests that having more women lawmakers makes a huge difference, not only to women, but to society in general, especially in poor countries.

In the Indian context, research by Raghabendra Chattopadhyaya and Esther Duflo of the US-based National Bureau of Economic Research (NBER) shows that reserving seats for women in Panchayats made a substantial difference to governance and brought hitherto-neglected areas into focus.

In Rwanda a much-needed law that defines rape and protects victims of sexual abuse was passed only after women legislators became a force to reckon with. Their male counterparts simply did not think it important enough to warrant a law.

Rwanda, incidentally, is the first country in the world where women are in a majority in Parliament.
Unfortunately, it is also an exception. Compared to the strides made by women in the economic and legal arena, political representation is an

area where they lag far behind men. In the 100 odd years since women were first elected to a national parliament, only 18.4% of seats worldwide are currently held by women.

Over 110 countries have introduced rules to ensure more balanced representation. So has India. But only symbolically! So while politicians agreed to more representation to women at the lower levels of government like Panchayats that have virtually no power, when it came to extending the same benefit to them in Parliament and state legislatures, they opposed it tooth and nail.

This is why even as I join Indian women in celebrating the Cabinet's decision, I remain deeply skeptical about that decision being translated into action. Remember the Bill has been on the anvil for 13 years. It was introduced twice earlier but its fate was sealed even before it was introduced.

This despite the fact that the same political parties that are opposed to women's reservation have been at the forefront of moves to increase reservation to OBCs, (other backward classes) and various religion-based groups. Also despite the fact that more than sixty years after independence Indian women are among the most deprived sections of society.

In law, she has few equals in the world. In reality, the picture could not be more different. On almost every human development indicator, women trail not just their male counterparts but also women in poorer neighbouring countries.

The latest UN Human Development Report ranks India a lowly 134 out of 182 countries. Poorest women in Bangladesh have 72 % the health coverage of the richest; in Pakistan the comparable figure is 63 % but in

India the number drops to 55% in urban areas and just 37 % in rural areas.

This state of affairs has much to do with the fact that women are so poorly represented in Parliament and state assemblies. Just about 10% of ministerial positions in India are occupied by women compared to 45% in South Africa. Agreed reservation as a policy instrument is a poor substitute for ensuring equality of opportunity.

But it is sheer hypocrisy when a political class that regards reservation as an answer to social discrimination suffered by many other sections of society argues it is not an answer when it comes to increasing the presence of women in Parliament.

'The Indian National Congress says what it mean and means what it says,' said the Congress Party manifesto for the last general elections and went on to promise reservation for women in Parliament, along with many other things. 'Ha', I said to myself as I read the manifesto, 'I've heard this one before'!

Well last week I was forced to eat my words! Some of them, not all! Why? Because it's still a long haul and anyone who thinks the Bill will have an easy passage is in for a deep disappointment. But I'd be happy (nay, eager!) to be proved wrong!

ASIAN AGE 7.3.10 WOMEN

**A historic day for Indian democracy**

India is set to make history on Monday when a long-overdue bill that aims to forever alter gender equations in our country will be tabled in the

Rajya Sabha on the 100th anniversary of the International Women's Day. And while a political consensus on the historic measure is still elusive, a large number of MPs across the political divide have agreed to sign on the dotted line, barring a handful who are either afraid or grossly ill-informed. The political class might well squabble over who should take credit for the Women's Reservation Bill, which was — surprisingly — first drafted by the United Front government of the mid-1990s, otherwise not considered a woman-friendly outfit! Since then, both the BJP (but not its Shiv Sena ally) and the Congress have tabled it several times. But as has been well documented, without the requisite backing from the largely male-dominated political class, neither party could push it through. It is, therefore, a matter of considerable national pride that both Prime Minister Manmohan Singh and Congress president Sonia Gandhi have now declared with some certainty that the bill will pass muster — 14 years since it was first aired, and not a day too late! Undoubtedly, as we aim to make honest women of roughly half our population, that's 600 million Indian women, the timing couldn't be more perfect. But as with all things Indian, this bill too comes with a statutory warning. Just as it is all too easy to fall into the trap of being seen to do the right thing by naming a woman as the country's first female President or the Lok Sabha's first woman Speaker, or as the CEO of a bank or a major corporation, reserving 33.33 per cent of seats in Parliament and the state Assemblies for women is no sop, no token gesture, and must not become a tool by the power-hungry alpha male to push his agenda in Parliament.

In the 14 tortuous years that it has taken for the bill to come this far, there's little doubt that it's taken women at the very bottom rung of the social ladder to demonstrate what can be achieved when they are "given" the power to change things. The 33.33 per cent reservation for women at the panchayat level — now raised to 50 per cent — has changed the political, social and economic landscape of rural India. Little question that when reservations for women were first instituted at the panchayat level, politicians used female relatives as proxies to keep rivals at bay and extend their circle of power. Study after study shows,

however, that these same women used the foot in the door to improve the lives of those around them in terms of improving female education, healthcare, roads, connectivity, even bringing in new concepts like rainwater harvesting and better management of agri-products.
Clearly, the bill now before Parliament may be no magic wand to cure all our ills — female foeticide, female illiteracy, the skewed sex ratio, malnutrition, assault and battery, sexual slavery — but it will give the right-thinking woman the ability to back her gender-friendly voice with power-packed, enforceable legislation. The question of how many legislative seats should be covered under the existing matrix, that mandates reservations for Scheduled Castes and Scheduled Tribes, and where that will leave the upper castes, who in many cases also rank among the impoverished, is still open to debate. Either way, the problems that face women — or indeed all of India — will not change with one bill. But it's a beginning. Perhaps, one day in the future — maybe a hundred years from now — there will be no need for reservations for women at all.