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CORRUPTION

HINDUSTAN TIMES 3.11.10 CORRUPTION

India's creed of greed

Samar Halarnkar

You were expecting a full confession? A call to arms against India's most pernicious problem?

I know you were. So was I. So, too, as even we cynical hacks revealed in headlines on Wednesday, was everyone. As the Congress held its annual national meeting, corruption was clearly the top talking point in India. Except, within the party that claims to be truly represent all of India.

The Commonwealth Games showed how even a prestigious international event held in New Delhi cannot resist dubious contracts and suspicious payoffs. The still-unfolding Adarsh housing society scandal reveals how far politicians, bureaucrats — and, alas — the defence forces will go to twist the law and lie for personal benefit. The spectrum scam, after which telecom minister A Raja clings to his post, despite being blamed for a loss of R1.76 lakh crore (more than India's entire spending this year on its poor and dispossessed) by dubiously handing out licences, indicates how easy it is to subvert the system and brazen it out.

Yet, as India's Grand Old Party well knows, these publicly discussed instances of bribery and sleaze are not even the tip of the iceberg; they are freshly fallen flakes of snow. They will blow about for a while in the breeze, fanned by our outrage, before settling to become part of the national deep freeze on corruption.

Don't be surprised that the Congress does not like talking about corruption. The party of Jawaharlal Nehru, Sardar Vallabhbhai Patel and Maulana Abul Kalam Azad — men of unimpeachable integrity — is responsible for institutionalising corruption across India. Before the great fracturing of India's electorate into regional blocs in the 90s, the post-Independence national way of life was overseen by the Congress, its national leaders and regional satraps. This is when the slide began.

It began in New Delhi under Indira Gandhi's watch as the licence raj opened new ways of peddling influence and divining favours. It spread to states like Karnataka, where under the watch of S Bangarappa the Congress first embraced a culture of bribery; when the infotech revolution came along, the headlong rush for scarce resources like land, power and transport sparked an orgy of anything-goes, brazen corruption that has grown exponentially and has been lovingly embraced by the Janata Dal and the Bharatiya Janata Party. The slide is at its worst in Maharashtra where a culture of greed celebrated by successive Congress chief ministers has reduced India's city of gold, Bombay, to a dying slum called Mumbai.

Once the representatives of the people embrace corruption, the people enthusiastically follow. And so it is that the cancer spread to every corner of India during the great economic leap, to every arm of government, to the private sector economic engine that regards bribery as an expense of business.

You may well argue that despite the unspoken national creed of greed, we've done well enough in becoming the world's second-fastest growing economy, the premier beacon of democracy for the developing world. We have not. Not well enough. As I never tire of reminding you, the poor and hungry exceed 400 million. We are riddled with injustice and riven by insurgencies that threaten to undermine the future, to stall the undiscovered country.

You can squarely lay the blame for all these problems on corruption, embraced by politicians and officials — with only some honourable exceptions — who are now so engrossed with collecting houses, jewellery and SUVs that they have little time or inclination to bother about those left behind or left out of the great Indian opportunity.

The Congress's mantra of inclusive growth to create a new, 21st century India will never materialise unless the party can plug the massive loss of resources, unless it looks within and at least begins to acknowledge that it stands above every party in seeding and ignoring the cancer of corruption. So harmful has this cancer been to the Congress that it now struggles to find the money to create a food-security infrastructure. It struggles to find a few good men and women to replace Ashok Chavan in Maharashtra (Don't be too surprised if they don't replace him at all). It will struggle, forever, to fulfil Rahul Gandhi's wish, as he put it on Tuesday, "to connect the two Hindustans".

This national cancer sweeps through every edifice of governance. It rusted the steel frame of the bureaucracy. It's eating away at what we, wrongly, consider the last bastion of righteousness, the armed forces. Adarsh revealed to the public at large how easily our top armed forces chiefs will do wrong and lie, but within the army, navy and air force, they know the cancer of greed has deep roots. From selling defence land to civilians to faking contracts for beer and grain, on occasion even killing civilians for rewards, all manner of scandals plague the forces.

Aren't there anti-corruption bureaus? Vigilance commissions? Lokayuktas (ombudsmen)? On paper, India has a wide range of greed-fighting institutions. But they have limited powers to probe and prosecute. Mostly, they probe the lower levels of administration, rarely bureaucrats. Politicians, almost never.

When these institutions probe the kingpins, they must first obtain permission. When they find wrongdoing, they must get permission to prosecute. That permission, always, has to come from the government of the day. And so, we return to the Congress. Unless it brings itself to at least talk of the cancer it's nurtured, it will be consumed by it — if it isn't already.

ECONOMIC DEVELOPMENT

TELEGRAPH 1.11.10 ECONOMIC DEVELOPMENT

A DIFFERENT INDIA

- Many reforms are yet to be instituted in various spheres

S.L. Rao

With half the population depending on agriculture, its proportion of the gross domestic product has fallen to half that in 1992-93. Growth is not benefiting vast numbers in agriculture. An important reason is the declining level of government investment for many years (in dams, storage, roads, canals and so on). Others are the unproductive, non-asset building, vast and poorly targeted expenditures on giveaways (cheap fertilizer, cheap or free electricity, below cost diesel, write-off of loans to farmers). More, the scheme of subsidized grains to the 'poor', complicated and corrupted by physical procurement; transportation, storage in poorly maintained warehouses whose capacity is inadequate, with rodents, insects and weather damaging considerable proportions. The identification of 'poor' beneficiaries is a source of massive corruption and leakage of grains. Much is diverted to the market. Reform must abolish government agencies like the Food Corporation of India and others involved in physical procurement, handling, storage, and so on, and instead give vouchers to beneficiaries that can be used like money. It would be best if low-quality grain were sold by the government at a single subsidized price to all, without ration cards, obviating bogus cards and poor targeting. Farmers too get below-international prices in this set-up.

The government must invest in cold storage and transport for further diversifying into dairy, broilers, horticulture, and other non-food crops. The use of genetically modified seeds, incentives and technical help in organic farming to make it economically viable are urgent needs. A

national policy on the use of water in agriculture and reform in groundwater use, regulation to ensure recharge of underground reservoirs, metering and no overuse are necessary. So also is rational water pricing, which does not pay today the cost of operation and maintenance of irrigation projects. Effective land reform and computerization of land transactions and records are other needs. Ideally, private property rights over water must be replaced by making water the property of the state so that its use will require government permissions under rules and regulations. This will require amending the Constitution and is a task that cannot be postponed.

There has been talk of labour law reforms. The problem is not so much for large units which have learnt how to handle the law, namely, by employing contract labour on a large scale. They can be laid off in a downturn without high cost. The problem is that our labour-intensive industries could benefit, as has China, from a much more relaxed set of laws that permit large numbers working together, but under less stringent legal conditions. This could benefit millions of workers who could contribute significantly to exports of garments, toys, leather products and so on.

India's growth story is unviable with growing deficits on the current account in balance of payments, high interest rates and a booming stock market. Massive short-term capital inflows cause booming stocks and a rise in the external value of the rupee, stimulating imports and making exports more difficult in a severely competitive situation. Volatile capital inflows are encouraged by exemption from short-term capital gains taxes routed through countries like Mauritius, now the largest investor in India. Illegal Indian funds also use this route to make tax-free speculative profit while laundering their funds. This route has added to foreign exchange reserves but they are volatile and we need instead foreign direct investment, which builds assets on the ground. Curtailing this volatile capital flow, and opening up markets to foreign investment

to the maximum are essential.

Money markets require reform and regulation for competitive interest rates. Restricting volatile inflows will reduce uncontrolled liquidity. But the government and the Reserve Bank of India seem to disagree on limiting volatile flows. Perhaps the reasons are both the desire to continue *hawala* money being sent abroad for laundering profitably, and to keep high reserves, though volatile. Taxation reforms have made most progress and the impending national goods and services tax will create an environment for free trade across India.

Infrastructure requires the independent regulation of highways, airports, coal, and railways. Oil and gas have ineffective regulatory legislation. The Petroleum and Natural Gas Regulatory Board must get powers over all tariffs and not be subservient to the ministry. Above all, we must have uniformity in infrastructure regulatory laws, rules, their powers, and in those who decide them. There must be uniformity in objectives, authorities, appointments and accountability.

Education and health require urgent reform in many ways. There is a dire shortage of teachers at all levels from primary education to higher and professional education. Quality is, on the whole, very poor and graduates from schools and colleges do not receive an adequate education. But there is also a severe shortage of schools, colleges, professional institutions, skill development institutes and so on. These need to be established. The Azim Premji University is a good initiative for building quality faculty. We must have many more of them.

In spite of national missions and government expenditures, health for the poor is a bleak area of neglect, high cost, poor facilities and treatment. Most critical is the neglect of public health, water and sanitation. In both sectors, Tamil Nadu has demonstrated that institutional change and delegating powers to the local village or other elected bodies are helpful, along with treating health as one subject and not distinguishing it from

public health. We must have a disciplining mechanism to ensure that doctors, nurses, teachers and others actually turn up for work and perform their duties.

The most difficult reform is of our administration. It may be better than in some developing countries but it has strong vested interests in the *status quo*, procedure and precedent. It is incapable of managing huge development expenditures, especially on social programmes and on physical infrastructure, efficiently without waste and large-scale theft. Every innovative social programme — from the public distribution system to the national rural employment guarantee scheme, *sarva shiksha abhiyan*, national rural health mission, and others suffer from inadequate spending of budgets, massive corruption and diversion to wrong targets. Controls are highly centralized at state capitals. The local communities have little say on how the funds are to be spent and no authority over the local officials delivering the social service.

Similar problems afflict infra- structure spending on roads, storage, bridges and so on. The allocated sums are vast, and either not fully spent or prolonged over an excessive period. The quality of work is shoddy and there is massive corruption.

Many reforms are needed but the top echelons of the bureaucracy have for years successfully stalled the implementation of every report that suggested reforms. The employment of specialists instead of generalists, stopping the abuse of transfers as happens today to control recalcitrant officers, accountability of individual officials and not the present system of group accountability so that no one is punished, performance evaluation on objective criteria, horizontal recruitment from the private sector and academia, independent investigation of charges against officials and prosecution of corrupt officials without requiring government permission, are all essential reforms.

There are of course many more ways in which we can transform India

and the way it functions. But these are my list of the most urgent reforms.

The author is former director general, National Council for Applied
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EDUCATION

ECONOMIC TIMES 30.11.10 EDUCATION

Get political on education, Mr Sibal

TK Arun

India's education system is in a pretty bad shape, and that is widely recognised. However, efforts to solve the problem are in no great shape either, in spite of having an earnest and energetic minister at the helm of the ministry for human resources development. The problem is an administrative, rather than a political, approach to the problem.

The biggest challenge in education, as in much else in this country, is governance. Teachers are appointed, but they don't teach, don't even reach school on many days, in very many parts of the country. And they cannot be held to account. Just as absconding primary health centre staff are not.

Does identification, in the popular imagination, of education with getting a degree or a certificate qualify as a problem of governance? Only because it results in mass copying at qualifying examinations. High marks matter, never mind how you get them. There is a severe resource crunch in education. But the government is chary of charging for tuition, even at the college level. So kids who have spent a few lakh rupees on school fees end up paying a few hundred rupees as college fees. This is justified in the name of students who cannot afford to pay realistic tuition fees at the college level.

Inability to levy realistic fees on those who can afford them, within a framework that liberally offers scholarships, freeships and loans to those who lack the resources to pay the fees on their own, reflects paucity of

political will to tackle the problem.

Many things trouble Indian higher education. Their orientation is training rather than creation of new knowledge. Serious research is confined to specialised laboratories and research institutions. This cleavage between teaching and research is part colonial legacy, part cultural baggage. In India, the intellectual tradition held all knowledge to be finite, already discovered and written up, so that what a young scholar needed to do was to study the established texts to become a new master.

Indian tradition had the conceit to anoint someone sarvagnya, someone who knows everything (the first Sankaracharya was one, for example). So, it is not surprising that research to create new knowledge does not come naturally to the Indian establishment.

Precious little has been done so far to undo this damaging tradition of teaching sans research. Indian academics have, by and large, bought into the resultant value system. They value foreign scholars over Indian ones, value degrees from foreign universities over Indian degrees, vie for stints at some foreign institute, for foreign fellowships, value an article published in a foreign journal over one published in an Indian one. Indian academics are poorly paid, in comparison with their counterparts abroad, or in comparison with what people of similar skills earn when employed in industry or even the government, once all the perks are monetised, in the latter case.

So, honourable exceptions apart, only those who cannot make it to better paying jobs find their way to academics, and this contributes to low standards. Those honourable exceptions tend to congregate in some elite institutions. The result is that the standards of teaching are acceptable only in some elite colleges in some elite universities, and abysmal elsewhere.

The Indian elites have responded by seceding from Indian higher education, for the most part. A tiny set makes it to the elite institutions in India with good faculty while the rest go abroad. Now, Indian industrialists have started donating to foreign universities on a substantial scale. This helps them wangle admissions and scholarships for favoured wards, not just of family and friends, but also of influential civil servants and politicians. The net result of this elitism in Indian higher education and the secession of the elite to universities abroad is to lower the quality of the manpower available to Indian industry in general.

One consequence is to drive up the cost of whatever genuine talent is available. This is not an acceptable state of affairs. It is far from clear that the minister for human resources even recognises the magnitude of the problem, leave alone summons the political will to tackle it.

The problems in education are huge, and difficult to tackle. But it is important to show activism and performance. The result has been the assault on Delhi University's academic schedule. It is one of India's functional universities, to which students flock from all over the country and which produces world-class graduates. The ministry has sought to force-change the university's academic schedule to a semester system, violating procedure and university statute, and with minimal attempt to take into account the legitimate points raised by the teachers of the university. This is absurd tokenism, not reform of the education system.

INTERNATIONAL RELATION

Indo-US ties: Eco-cultural adhesive

Kiran Karnik

A month ago, Delhi emerged in a new avatar: after spending many months like a woman with hair in curlers, mudpack covered face and dressed in a shabby gown, it metamorphosed into a beautiful, radiant lady, dressed in finery. Mumbai is now attempting to go through the same Cinderella-like transformation. Delhi was preparing a new face for the Commonwealth Games; Mumbai is preparing itself for President Obama.

Delhi spent thousands of crores, doubtless with some long-term gains, but also with make-up that sought to hide the scars of removing the warts (expelling many poor residents from their homes on the pretext of 'security'). Mumbai is, apparently, a little more humane, limiting its beautification to superficial make-up to conceal its extensive blemishes.

Tidying one's home to receive guests is a justifiable activity. However, when the visitor is here to discuss business, then preparations need to go beyond the cosmetic. Fresh paint is fine, but fresh thinking is more essential: strategic thought and tactical planning need to go hand in hand to help define realistic expectations of outcome. Over the last few years, in tandem with a dramatic change in US perception about India and its role, but also thanks to orchestrated media hype, hopes have soared.

Clever manipulation of the media has given the impression of US 'largesse' and hugely amplified US 'gives' and of a convergence of interest, with the US and India being natural allies. The truth lies

elsewhere.

Much has been made of the nuclear deal, with the US having ostensibly ended our nuclear isolation. The fact that this ‘ostracism’ was a voluntary choice (credit for this must go to Indira Gandhi and her advisers) is conveniently forgotten. Not signing the discriminatory Non-Proliferation Treaty and, later, the Comprehensive Test Ban Treaty, were conscious decisions made in national self-interest. With the nuclear deal, the US has taken a big step towards its goal of capping and then rolling back India's strategic nuclear programme, with India seemingly on the verge of signing not only the CTBT and the Fissile Material Cut-off Treaty, but also the NPT: acceding, effectively, to permanent nuclear apartheid.

It would, indeed, be a brave technologist who will venture the view that we can develop a nuclear arsenal without more fissile material and without any more tests. One cannot but admire the US for not only staying focused on its long-term goal (‘cap and rollback’), but pulling off a communication coup by positioning this as a favour to India!

The brief honeymoon of a strategic partnership is already unravelling in crucial areas like US Af-Pak policy. Billions of dollars of US military aid to Pakistan is certainly not for guns that fire only in one direction. The complex web of intelligence gathering necessarily requires a nexus between US agencies and Pakistan's ISI, and double agents like Headley are not unique. More Headleys and consequent spats seem inevitable.

US policy is — very rightly — determined by its perceived national interest, and its alliances with third world countries are, at best, fickle: Saddam Hussein and Muammar Gaddafi were one-time US allies. Great hopes about ‘shared values’ mean little, in this context. US allies like Saudi Arabia are hardly the epitome of democracy; nor is progressive secularism a basis for friendship — after all, it was the US that, to

counter Soviet presence in Afghanistan, colluded in creation of the Taliban.

India, too, chooses its friends on a geopolitical rather than emotional basis — be it the totalitarian Soviet Union of old, or a budding relationship with the generals in Myanmar.

IT seems clear that except for brief periods and in limited areas, an overall convergence of US and Indian strategic interests is a historical rarity, and as unlikely in the near future, too. Divergence is bound to grow as the US withdraws from Afghanistan and possibly encourages an ethnic-based partition; so also in a situation of confrontation between Iran (historically a Sufi-Shia civilisation with strong historical bonds with India) and a Wahhabi-fundamentalist Saudi Arabia, a longtime US ally (how much of the \$60 billion US arms would find their way to Pakistan?). One sees a growing rift — rather than convergence — in the US and Indian approaches.

What, then, can link the two countries? The strongest and most enduring bond is certainly the people-to-people relationship. This has withstood the vicissitudes of even the worst phases of political differences (for example, during the liberation of Bangladesh). Indians are generally both liked and respected in the US, not only in academic and technology communities, but increasingly — as evidenced in their rise in the political arena — in the mainstream . Similarly, things American have long been popular in India: be it Hollywood films, jeans and Coca-Cola; Apple and Big Apple; or Newsweek and US universities.

Over the last decade or so, this relationship has bloomed further with the growing trade and economic links. Nowhere is this more evident than in the IT sector, where the partnership between Indian IT service providers and US companies has brought immense value to both, and greatly benefited the US citizen through cheaper products and better services. US IT companies have set up large operations in India — offshoring

work from US and global customers, but also tapping the growing commercial and government market in India, and for R&D.

Now, US retail giants, insurance companies, aircraft makers and defence companies see immense potential in the Indian market — just as US consumer companies have grabbed a head-to-toe opportunity (from shampoos or shoes). The technological and economic gains of US-India collaboration in renewable energy, healthcare and space, leveraging the complementarities, can be truly immense for both sides. US protectionism is not going to help any of this.

Maybe, it's time for both sides to downplay attempts at strategic convergence and take the more sustainable path of economic and cultural ties. The composition of the US delegation seems indicative of recognition of this, with Obama coming here not so much as President of a superpower, but as chief marketing officer for America Inc. It may be time for the US-India ties to be driven by Nasscom rather than NSA, CII instead of CIA, General Electric rather than General Petraeus, and yoga instead of bombs.

(The author is an independent strategy and policy analyst)

TELEGRAPH 2.11.10 INTERNATIONAL RELATION

CIVIL NON-COOPERATION

- Economic policy and nationalism

Ashok V. Desai

The world economy got a shock in 2008. First, the US financial system came under stress; defaults on mortgage loans given to the poor sent a few financial institutions into bankruptcy and endangered bigger ones. Second, three European countries — Ireland, Iceland and Greece — came to the verge of default, and had to be rescued by their sounder neighbours. These crises were overcome; but they made governments take the possibility of further defaults seriously. They also made them fear that the crises could go beyond the capacity of any individual country, and had to be tackled cooperatively. The world's big countries — the Groups of 8 and 20 — have settled down to frequent consultations, and to meetings twice a year where financial and political leaders take stock and confer. They realize the need to cooperate and to coordinate policies; and the policies would not work unless they are based on sound economics. Thus, economics has come to occupy the centre of policy debate. The situation is reminiscent of the 1930s except that there is far more international communication and discussion. A possible starting point to an understanding of this debate is an 8,000-word book review on the subject by Paul Krugman and Robin Wells in the *New York Review of Books*. They say that the 2008 crisis was due to the collapse of a real estate bubble in Europe and North America, and list four explanations that have been advanced of its origins, three of which they reject.

First, the 1990s saw a prolonged boom in the US led by information

technology. It lost steam in 2000. To stop it from deepening, Federal Reserve cut interest rates drastically; its overnight interbank rate came down from 6.5 per cent in early 2000 to 1 per cent in 2003. The low interest rates fed a real estate boom. The European Central Bank did not cut rates so aggressively, but still there were real estate bubbles in Britain, Ireland and Spain. So the rate cut could not be blamed for the bubble.

Second, financial innovation distorted risk perception. Packaging and securitization of mortgage loans made them liquid and easy to sell; their holders suffered under the illusion that they could avoid the risks the loans involved because they could sell off the securitized packages. But when the underlying mortgages turned sour, the packages turned illiquid, and their holders went bankrupt. However, commercial real estate was not touched by these financial innovations; nor was Europe, but both managed to have crises. So financial innovation was not responsible for the bubble.

Third, technological change reduced demand for unskilled labour in the US; as a result, real incomes of the poor stagnated, while the rich continued to get richer. To divert the attention of the poor from their plight, the government organized cheap housing mortgages for them. But the poor did not have steady incomes and hence the financial capacity to service the loans; so this political ploy plunged them into mass defaults. However, Krugman and Wells think that government loans and guarantees came late in the crisis and played a minor role.

Finally, some major countries — notably China and Germany — saved too much. The excess savings were reflected in their balance of payments surpluses, which were balanced by deficits run by the US, Britain and Spain. As capital flowed into the latter countries, their interest rates went down, leading to housing bubbles. Cheap money was available from banks and mortgage lenders, so people went on borrowing. As long as they borrowed and spent the money, the boom

continued. The moment they began to repay loans (called the Minsky moment by Krugman), expenditure contracted and the boom ended. Thus, international savings imbalances were responsible for the crisis. Once they created the preconditions for the crisis, the other factors mentioned above deepened it. Keynes's explanation of the Great Depression of the 1930s ran in terms of savings exceeding investment and the excess starting a deflationary spiral. Krugman and Wells's explanation of the 2008 crisis is similar, except for the international dimension that savings in some countries cause deflation in other countries. And the remedy that countries adopted was also Keynesian — namely that governments offset excess private savings by spending more and running fiscal deficits. The policies were not always deliberate; the US, for example, ran deficits not as a matter of policy but because its revenue collapsed. But the effect was the same. Government spending prevented crises. But it did not revive growth rapid enough to absorb unemployment.

The high unemployment levels suggest that the stimuli were too small — that governments of industrial countries should run even larger fiscal deficits. They hesitated to do so out of fear that their public debt would become unsustainable and markets would stop buying their bonds; high interest rates would choke off recovery. Would they? We have a case where this possibility was tested and disproved. In the 1990s, Japan borrowed heavily and spent in an attempt to get out of deflation. Its government did not lose credibility; its borrowing rates did not rise. Krugman and Wells believe that the US and Europe similarly have excessive unemployment today and should run larger deficits; the fear that lenders would be scared by rising debt-GDP ratios and interest rates would rise to choke off recovery is misplaced. They also think that export-surplus countries like China and Germany have been using exports to stimulate their own economies at the expense of their neighbours. They consider it anti-social; their fellow countries must force them to stop exporting unemployment.

The Krugman-Wells view has become the official line of the United States; at their meeting in September on the sidelines of the UN general assembly, President Obama spent time pressing this line on China's prime minister, Wen Jiabao; he will no doubt continue pursuing Wen when they attend the G20 meeting soon. China has allowed its currency to appreciate, but very slowly and very little; it keeps arguing that more drastic appreciation would disrupt its economy and cause social unrest. The same talk of currency realignment dominates meetings of international leaders. Being polite and reasonable people, they agree every time that their currencies must be realigned, and that exchange rates must not be used to export unemployment. They would have no difficulty in agreeing also that their stimuli must be coordinated. But these agreements will be in principle; they are unlikely to be able to work out practical measures and start actually coordinating their fiscal and exchange rate policies.

What we do not realize is that the people of China and Germany are proud of their "strong" economies and payments surpluses, and contemptuous of countries that continue to run deficits. Economic policy is the latest arena in which nationalism is being played out; it is unlikely that countries will set aside national pride and prejudice and help out other countries at their own expense. Their leaders will continue to meet frequently in beautiful resorts and talk incessantly of coordinated international action. But they will coordinate nothing; the less they do, the more reason they will have to meet. Internationally, there will be polite inaction; within countries, raucous debate over underperforming economies will prevail.

HINDU 2.11.10 INTERNATIONAL RELATION

Time for reset of India-U.S. ties

M.K. Bhadrakumar

Barack Obama's visit has triggered an extraordinarily creative period in the Indian strategic thinking. How do we bring all these strands of new thinking together?

Whichever way one looks at it, there is going to be an indeterminate fatefulness when United States President Barack Obama arrives in India. Not that Mr. Obama is god or that he is an elderly bearded man wrapped in a swirling cloak with the “finger of the paternal right hand” — as in the fourth section of the Michelangelo fresco on the ceiling of the Sistine Chapel. Nor is India Adam waiting to receive the spark of life.

The point is, in comparison with the U.S. Presidents New Delhi has welcomed in a generation or two, Mr. Obama is truly a brilliant intellectual with a view of the world imbued with the struggle of the mankind for survival, dignity and development. Fareed Zakaria tactfully described him as “a kind of practical idealist” who admired George Bush Sr.'s approach to ending the Cold War in an apparently cooperative way, with an emphasis on productive, constructive relations with the world powers. Mr. Obama is also someone instinctively wary of ideology and shrewd enough to balance the impulse of principle and the realities of politics — a master of the rhetoric of common ground.

The Indian strategic community did not seem to have got him right when it anticipated him as a crusader of “Asian democracy” — a code word for “containment” of China. Do not look beyond the joint statement issued after the third session of the U.S.-Pakistan Strategic

Dialogue that concluded in Washington recently. It speaks of a “strategic, comprehensive and long-term partnership” between the two countries based on “shared values, mutual respect, and mutual interests.” We may expect similar rhetoric on India, too.

Passionate moralism has never been a trait of Mr. Obama's political personality and the Indian establishment has done well to leave the rhetoric of his visit almost entirely to the able hands of American officials and instead concentrate on the hardball — “real politics,” as a top Indian policymaker candidly put it. Having said that, Mr. Obama is also a man of infinite charm with a rare capacity for cheerful impersonal friendliness who, with his gargantuan self-confidence bordering almost on hauteur, can very gracefully stoop to conquer to ease jealousies or form alliances.

One thing is absolutely certain. As the dusk gently descends on Delhi in the balmy autumn evening of November 8, Mr. Obama is destined to deliver a great speech in the hallowed Central Hall of Parliament.

Indeed, Mr. Obama's visit is going to be a fateful happening in the region's tangled history and politics. So much has changed since a U.S. President last visited India in 2005. The geopolitics of the region has changed and alongside, inevitably, the U.S.-Pakistan pivotal cooperation in the Afghan endgame has crystallised, the world has changed, India has changed, and indeed the trajectory of the U.S. and India's expectations and aspirations has hugely transformed. Situating the U.S.-India relationship against this complex backdrop truly demands a “reset.” Except in a dogmatic way, it is not possible to see the future of the relationship as turning, and turning in a widening gyre of alliance equation. Perhaps, there never was such an equation. There is indeed a disconnect between our pundits and policymakers here. The Indian leadership seems willing to apply new thinking. Will our pundits be capable of appreciating that the U.S. has specific regional and global

interests and its partnership can be selective?

First and foremost, India's regional environment. National Security Advisor Shivshankar Menon's keynote address — in the August presence of Rashtrapathiji — at the 75th jubilee of the National Defence College underscored that a lot of creative thinking is going on to structure a forward-looking strategic vision that can help India navigate the highly volatile regional and international situation. The global vision based on the “balance of power,” which our pundits merrily espoused for a decade, has been exposed as naivety. India does not foresee the prospect of the major powers using force in their dealings with each other. This, in turn, makes the emergence of a direct conflict betwixt them or involving any of them with India highly improbable, no matter the existing discords, disputes or differences. Again, a nuclear war or confrontation between nuclear powers is not as likely, as threats which are derivatives of nuclear deterrence such as terrorism strain the very fabric of a country like India, which is secular, plural, and democratic.

In sum, Mr. Obama's visit has triggered an extraordinarily creative period in the Indian strategic thinking. How do we bring all these strands of new thinking together? Evidently, as Mr. Menon brilliantly summed up: “The challenges of a globalised world cannot be handled by twentieth century military alliances or containment strategies.”

Hasn't something fundamentally changed in the world order since the international financial crisis erupted? The emerging powers have shown unexpected resilience to pull through the crisis while the industrial world continues to languish. China and India in particular are cruising forward at great speed and are becoming evermore innovative. A transfer of wealth of historic proportions may be under way. As Paul Krguman wrote recently, this has engendered claims that the payback time is approaching for the emerging powers to transfer some of their new wealth to the ailing U.S. economy. China already figures in the U.S. cross hairs and India needs to carefully figure out when its turn

might come. There is a lot of churning going on at the moment, as the meeting of the G-20 Finance Ministers in the South Korean city of Gyeongju underscored. The U.S. displayed its determination to push for “fair” exchange rate rules and for setting numerical targets for trade balance, while India and China promptly rebuffed the move. The paradox is that whereas the G-20 has emerged as the most important forum for global economic policymaking since the financial crisis, it is increasingly finding it difficult to agree on anything but the broadest brushstrokes.

The Indian strategic analysts who visualise an alliance of Asian democracies or conjecture a U.S.-India axis patrolling the “global commons” are not seeing the writing on the wall — that the number one priority for a highly focussed leader like Mr. Obama is going to be global issues such as trade balance and exchange rates, and climate change, which are of immense concern to his agenda of regenerating the ailing American economy. Mr. Obama would like to know how India sees its interests and explore if tangible benefits can be derived to generate new jobs in America. He can anticipate that the Seoul heads of government meeting in November may turn out to be a damage limitation exercise rather than a leap forward toward a monumental agreement on rebalancing the global economy. In short, trust an extraordinary cerebral mind like Mr. Obama's to be able to comprehend the meaning of India's rise. That he empathises with India is not in doubt, but these are hard times.

The lobby of American arms manufacturers played up China's growing diplomatic and military clout and the angst of our pundits poured out on newspaper columns. But let us hear first how the U.S. proposes to deal with China's rise. Secretary of State Hillary Clinton said last week: “The relationship between China and the U.S. is complex and of enormous consequence, and we are committed to getting it right ... In the 21st century, it is not in anyone's interest for the U.S. and China to see each other as adversaries. So, we are working together to chart a positive,

cooperative, and comprehensive relationship for this new century ... And we do look forward to closely working with China, both bilaterally and through key institutions as it takes on a greater role and, at the same time, takes on more responsibility in global and international affairs.”

She highlighted, “We will welcome President Hu Jintao to Washington in early 2011 ... The United States is committed to making this visit a historic success.” Our pundits should do some honest introspection. Surely, there's some political symbolism in that Prime Minister Manmohan Singh scheduled four meetings with the Chinese leadership in the weeks straddling Mr. Obama's visit — “stop in India” during his “major trip to Asia,” as Ms Clinton quaintly put it.

Similarly, it has been crystal clear that the U.S. is involved in a clausewitzean war in Afghanistan. The David Headley saga is a stunning reminder that realpolitik can trump soap operas of the “concert of democracies.” Alas, our discourses are again missing the plot to imagine that our discord with Washington is merely a question concerning the Taliban or the Haqqani network. It's much more profound and it is long-term. Pakistan will be a pivotal relationship for the U.S. in the “new great game” once Gwadar shapes up as the port head of the Silk Road (protected by NATO), unlocking the multitrillion dollar mineral wealth of Central Asia and Afghanistan. A reset of India-U.S. ties has become necessary for deepening the partnership despite such glaring differences.

(The writer is a former diplomat.)

PUBLIC POLICY

There's no such thing as a local Plan

Yamini Aiyar

Recently, in a move that has been rightly acknowledged as the first tangible step toward radically overhauling the Five-Year Plan process, the Planning Commission unveiled a new approach to the Twelfth Plan, aimed at making it an inclusive and participative process. To start, the commission has put together a strategy matrix for the approach paper and invited comments through its website. Efforts are also underway to “listen to and consult with citizens” through civil society-led consultations across the country.

Participatory planning is not a new phenomenon, and through its varied schemes, the Indian state regularly sends out invitations to citizens to participate in planning, monitoring and even auditing its activities. Moreover, the 73rd and 74th Amendments to the Constitution institutionalised participation by devolving powers to prepare plans to local governments and enabling direct people's participation through gram and ward sabhas. Despite these invitations, meaningful participation is rare. A look at existing schemes shows us just where the problems are.

First, information is scarce and awareness is low. Sarva Shiksha Abhiyan (SSA), for instance, calls for village education committees to make annual plans for implementing SSA. But study after study has

highlighted that members remain unaware of their membership — and even those in the know, know little of their powers, responsibilities and financial entitlements. This despite the fact that SSA allocates funds in its budget for community training and awareness generation.

Awareness-raising and providing meaningful, relevant information is not easy. It requires sustained, continuous local engagement, something that implementing officials — who are usually bogged down by oceans of paperwork — have neither the time nor the inclination to do. So committees are formed, because the guidelines require it; but that's where it stops. More importantly, implementers don't necessarily value participation. In a recent conversation with a block official in charge of SSA in Madhya Pradesh, he, while acknowledging the mandate for peoples' plans, said plans are actually made at the block level because (to paraphrase) “we know the status of schools.” “I have”, he added, “up-to-date data.” Sharing this data with people and soliciting their participation was not on his agenda.

Information scarcity apart, the greatest hurdle to participation lies in the very design of the implementation architecture. Every time a scheme calls for participation, it also puts in guidelines that ironically create disincentives for meaningful participation. Funds arrive at the implementation level tied to very clear expenditure items and rigid norms. In SSA, for instance, although the village education committee is expected to plan, if it decides to spend more on teaching materials by using money given for painting walls, the rules won't allow it. Why bother making a plan that takes into account local needs when there is no flexibility to make budget allocations accordingly?

If it's not the rigidity of the funding norms, it's conflicting rules that make planning impossible. In a recent case in Karnataka, a village plan

— made under a World Bank-funded programme that provides untied grants to panchayats — for building dry latrines with covered pits suited for the water-scarce area was rejected. Instead, a concrete septic tank latrine was chosen, which required water that the village did not have, because the rules demanded it!

Tardy implementation adds to the problem. Unpredictable and delayed funding is a common problem and monies usually reach their destination well after they are needed. So even if a plan is made, chances are it will not be implemented. As part of an effort to mobilise village education committees under the SSA in rural Madhya Pradesh, for example, a committee made a plan to fix a leaky roof before the monsoon — but this couldn't be implemented because funds didn't arrive on time. The roof leaked through the monsoon and the parents stopped coming to meetings. Worse still, parents have no real means of redress, and local officials claimed no responsibility. Meaningful participation, at minimum, requires that the state fulfils some basic functions to deliver on plans. Lack of participation, in this case, is a symptom of state dysfunction.

The current architecture for planning complicates matters further. Participation can only be truly effective in a decentralised system; precisely for this reason, constitutionally, powers to make local plans have been devolved to panchayats and municipalities. But resources flow through sector-specific centrally-sponsored schemes (CSS) with their own parallel planning processes, resulting in multiple planning bodies and endless confusion on the ground. CSS also limits state discretion because a large pool of state resources goes toward contributing to their share of the CSS. State plans are thus tailored to central funding streams. De facto then, planning remains a centralised

activity, one that by its very nature creates limited space for meaningful participation.

In soliciting participation through the website and consultations with citizens groups, the Planning Commission has taken an important step towards putting people back on the agenda. This could also be an opportunity to resolve critical institutional failures that have made meaningful participation so difficult. Perhaps what we need is a plan to strengthen people's plans!

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Repackaging mental health programmes

K.S. Jacob

National and international leaders and agencies repackage and reintroduce failed programmes because they mistake activity for accomplishment and advocacy for technical leadership and solutions.

The Erwadi fire in August 2001 brought to the fore the tragic circumstances facing millions of people with mental illness, rousing India's consciousness. Yet, many years later, nothing seems to have changed; only one in 10 people receives appropriate treatment. Mental illness remains neglected and invisible, associated with shame and stigma. Millions suffer in silence without access to basic medicines and health care.

The World Health Organisation (WHO) spearheaded the crusade to incorporate mental health into primary health care in low and middle-income countries in the 1970s. The WHO expert committee reports, their multinational collaborative community care projects, and the Alma Ata Declaration of "Health for all by 2000" formed the platform for launching national mental health programmes. India accepted the need for community care and proposed the National Mental Health Programme in 1982. The programme aimed at ensuring the availability and accessibility of minimum mental health care. The shortage of mental health professionals demanded that its principal strategy be to integrate and deliver mental health care through the primary health care system. Despite good intentions, the programme failed to deliver. The complete lack of estimates of cost and the absence of a provision of budgetary support were important contributors to its failure.

The Bellary project attempted to scale the scheme to the district level and formed the basis of the District Mental Health Programme (DMHP). This demonstration of scalability resulted in the rolling out of the programme across many districts in the country. The DMHP aimed at establishing nodal training centres in each district, training local health professionals for early detection and management, and providing out-patient clinical services and facilities for in-patient treatment. It aimed at erasing stigma through mass education and providing data for future planning. Today, the DMHP operates in over 122 districts.

The Supreme Court was the catalyst for the process, with its interventions on the state of government mental institutions after the Erwadi fire. It focussed the government's efforts on increasing the priority and funding for mental health. The national programme was restructured in 2003, with clearly specified budgetary allocations. The funding increased from Rs.28 crore during the Ninth Plan to over Rs.400 crore in the Eleventh Plan. However, only a small fraction of the monies allocated in the Five-Year Plans has been utilised.

Failures on the ground

The national programme remained on paper while the district programme, after the initial fanfare, remains dysfunctional in many districts. Most experts agree that integration with primary care is non-existent. The lack of in-patient facilities at the district level, non-empowerment of physicians, and the failure of the out-patient clinics to move out of district hospitals make its reach minimal. While the programme has ensured wider availability of essential psychotropic medication, the failure to integrate mental health care delivery into primary care has resulted in limited impact on patient services.

Mental health Gap Action Program

The WHO's new mental health Gap Action Program (mhGAP) is the latest in a series of repackaged solutions to bridge the huge gap between

the burden of mental illness and the delivery of mental health care. The core strategies identified by the programme are information, policy and service development, advocacy, and research. Small-scale research projects, which work well in ideal Third World settings, are projected as solutions for national programmes in poor countries. Governments are again being exhorted to implement the integration of mental health care into the primary care delivery system. The different national and physical health priorities, limited funding, lack of general health infrastructure, scarcity of trained health and mental health professionals, and the overburdened health care systems are rarely factored in as is the magnitude of the scaling-up required.

Flawed assumptions

The programmes had fundamental flaws, which ensured their failure. Their Achilles' heel is particularly visible with our 20/20 hindsight, although the flaws were obvious to the more discerning even earlier.

Poor infrastructure, overburdened systems: The primary health care delivery system in the public sector is poor even in managing physical health problems. This is particularly true at the primary health centre, sub-centre and the community level. Although the National Rural Health Mission has increased the infrastructure, physical resources and personnel, decades of neglect, the overburdened system and the poor discipline and morale of the health professionals make the inclusion of mental health care provision in primary care difficult. Such integration is possible only in well-established, functional and efficient systems.

Vertical programmes: Specific programmes, with their limited aims, are often successful when employed in project mode but fail to produce results when rolled out on a larger scale. The political and administrative leadership, financial commitments, the increased human resource, supervision and monitoring, which ensured the success of the pilot projects, are missing in the national and expanded district programmes. While such national programmes are certainly better than no

programme, they have not moved out of district hospitals, even in districts where the national programme is operational, and into the community and primary health centres for increasing patient access.

Inappropriate training: The complete lack of training to manage common psychiatric conditions seen in general medical settings is a major lacuna in curriculum. It has spawned many short courses, which transfer knowledge, rather than skill and confidence, to physicians. In addition, most of the courses are set in specialist facilities and employ complex psychiatric perspectives, making it difficult for physicians to translate their knowledge into primary care practice.

Medical education: The global emphasis on specialisation has resulted in a transmission of knowledge without proficiency and confidence during basic medical training. It results in a lack of acquisition of skills required for independent practice. The movement towards specialisation has also eroded the standing of general and family practice.

Professional apathy: It is no secret that the majority of psychiatrists and their professional associations are indifferent to empowering general physicians. The community psychiatry movement always had a second-class status within the discipline. Psychiatrists prefer the safety of specialist institutions to moving out into the community. They favour referrals and consultations rather than transferring expertise to primary care professionals.

Institutional leadership: The community psychiatry movement was led in the 1970s and 1980s by many national institutes and centres of excellence. However, the very ideas of decentralisation and empowerment gradually lost ground and are all but abandoned by these centres, resulting in a leadership vacuum.

Advocacy and technical inputs: Attempts to revive community psychiatry programmes at the national and international levels are more about mental health advocacy and less about technical inputs and

guidance. The technology to translate psychiatric research evidence into primary care practice does not exist in poor countries. The idealism of the original primary health care movement, without technical contribution for scaling-up, meant that implementation at the national level was problematic, patchy and unproductive.

The way forward

The repeated failure of such programmes begs the question: “Why do national and international leaders and agencies regularly repackage and reintroduce failed programmes?” The answers seem to suggest that they mistake activity for accomplishment and advocacy for technical leadership and solutions. The goal of mental health for all, a socialistic ideal struggling in today's capitalistic world, demands a reappraisal of past programmes. Medical education needs to be skill-based to produce competent practitioners. The strengthening of the general health infrastructure, to improve primary health care delivery, is mandatory for the effective integration of mental health into primary care practice. Leadership from politicians, administrators, health and mental health professionals is crucial. The changed reality in India demands new technical inputs, including the use of the private sector. Educating the population about mental illness using the mass media will erase stigma and increase the demand for services. The availability of effective and affordable treatments and improved national finances have not closed the gap between mental health need and services. A “HIV/AIDS model” of activism, where users, families, interest groups, health professionals and scientists come together with the single aim of service provision, is required for transformation. Slick documents, scintillating launches, stirring speeches and shallow programmes, which repackage failed strategies, are no substitute for hard technical inputs for translating research evidence into primary care practice.

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