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ECONOMIC DEVELOPMENT

HINDUSTAN TIMES 23.9.09 ECONOMIC DEVELOPMENT

Keep it alive!

Robert Skidelsky

Have stimulus packages brought the world's traumatised economies back to life? Or have they set the scene for inflation and big future debt burdens? The answer is that they may have done both. The key question now concerns the order in which these outcomes occur. The theory behind the massive economic stimulus efforts that many governments have undertaken rests on the notion of the 'output gap'. This is the difference between an economy's actual output and its potential output. If actual output is below potential output, this means that total spending is insufficient to buy what the economy can produce.

A stimulus is a government-engineered boost to total spending. Government can either spend more money itself, or try to stimulate private spending by cutting taxes or lowering interest rates. This will raise actual output to the level of potential output, thereby closing the output gap.

Some economists — admittedly a diminishing number — deny that there can ever be an output gap. The economy, they argue, is always at full employment. If there are less people working today than yesterday, it is because more people have decided not to work. (By this reasoning, a lot of bankers have simply decided to take long holidays since last September's financial meltdown.) So today's output is what people want to produce. Attempts to stimulate it will produce only higher prices as people spend more money on the same quantity of goods and services.

A more sensible view is that today's economy is not producing as much as it could and that there are many more people who want to work than

there are jobs available. So a stimulus will boost both output and employment.

But how large must such a stimulus be? The United States Congressional Budget Office (CBO) estimates that American output will be roughly 7 per cent below its potential in the next two years, making this the worst recession since World War II. American unemployment is projected to peak at 9.4 per cent towards the end of 2009 or the beginning of 2010, and is expected to remain above 7 per cent at least until the end of 2011.

The US government has pledged $787 billion in economic stimulus, or about 7 per cent of its GDP. Superficially, this looks about right to close the output gap — if it is spent this year. But it is, in fact, a three-year programme. Some $584 billion is allocated for 2009-10, leaving perhaps $300 billion of extra money for this year. Even so, it is not clear how much of that will be spent.

This can be illustrated by a simple example. Suppose the government distributes the extra cash to its citizens. Some of it will be saved. American household saving has shot up from 0 per cent to 5 per cent since the start of the recession, understandably to pay off debt.

Another part of the extra money will be spent on imports, which does nothing to stimulate spending on US output. Let’s subtract 20 per cent for these two items. The bad news, then, is that only 80 per cent of the $300 billion, or $240 billion, will be spent initially.

The good news is that this figure is multiplied over successive rounds of spending, as one person’s spending becomes another person’s income, and so on. The value of the multiplier depends on assumptions about the size of the ‘gap’, ‘leakages’ from the spending stream, and the effect of government programmes on confidence.

Estimates vary from a multiplier of about two all the way down to zero.

A multiplier of two would generate $480 billion of extra spending, compared to a multiplier of one, which would generate just the initial $240 billion. If the multiplier is zero, as conservative-minded economists believe, there will be no effect on output, only on prices.

A further source of stimulus is ‘quantitative easing’, or, more simply, printing money. By buying government securities, the central bank injects cash into the banking system. This is intended to stimulate private spending by bringing down the rate of interest at which banks lend to their customers. Extra hundreds of billions of dollars have been injected into banks worldwide by this means.

But the stimulus effect of quantitative easing is far less certain than even that of fiscal stimulus. While the policy caused credit spreads to narrow and bond market liquidity to improve, many banks have been using the extra money to rebuild their balance sheets (the equivalent of increased household savings) rather than lending it to businesses and individuals. Several conclusions can be drawn from what admittedly are back of the envelope calculations. The first is that stimulus packages around the world arrested the slide into depression, and may have started a modest recovery.

Second, it is too early to scale down the stimulus, as Japan and the US seem ready to do. As one British official said ahead of the G-20 summit in Italy in July, “We should start to prepare exit strategies, but we should start implementing them only when [we] are sure [we] have got a recovery that is entrenched and self-sustaining, and I don’t think anyone is saying we are at that point yet.”

Third, existing policy, even if maintained, will not produce self-sustaining recovery. At best, it offers the prospect of several years more of sub-normal activity. A double round of stimulus packages is needed to counteract the real prospect of a double-dip recession.

The time to start worrying about inflation is when the recovery is

entrenched. To pay back the debt without strain, we need a booming economy. Talk of government spending cuts is premature. “A boom, not a slump, is the right time for austerity at the Treasury,” said Keynes. He was right.

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http://www.hindustantimes.com/StoryPage/Print/457306.aspx

EDUCATION

TIMES OF INDIA 23.9.09 EDUCATION

UGC finds fault with Yashpal panel report

Akshaya Mukul

NEW DELHI: Three months after the Yashpal Committee gave its repor the government having already moved forward to create the National

Commission for Higher Education and Researc (NCHER), UGC has said the panel's "recommendations do not appear to in accordance with the thinking of the framers of our Constitution".

UGC has also said that the committee "missed the historic opportunity to undertake a comprehensive review of the higher education system, and o functioning of UGC which is overdue since the report of the education commission (1964-66)".

Asked for his comments, UGC chairman Sukhdeo Thorat, who was a me of the Yashpal Committee, said, "It is a confidential communication to th ministry. I have been advised not to talk."

UGC employees have been protesting against the creation of NCHER as what will happen to them once the new body comes into being.

UGC's comments sent to HRD ministry late last week and accessed by T not only finds fault with the way the committee dealt with its terms of reference but also the methodology adopted and the concept of NCHER the powers proposed to be given to it. Agreeing that higher education nee

reform, UGC says, “Creation of a single regulatory authority by subsuming the existing regulatory bodies, as suggested by the committee, does not appear to be the only viable alternative.”

On the methodology, UGC points out that the full committee met only twice, “a period too short for any committee to document a full discourse on the evolving deliberations”. UGC also said that the committee held consultations with a select group of stakeholders and bypassed an empirical study of the higher education system.

It also said that no discussion took place with the regulatory bodies. UGC has specially pointed out that “it was entitled to have interaction with the members of the committee but this was somehow not undertaken by the committee.”
Disagreeing with the concept of NCHER, UGC has given two alternatives. One, create an inter-coordination council of higher education of all bodies, while retaining all the present regulatory bodies with necessary reforms in their regulatory framework. Two, reform UGC with a governing body comprising a full-time chairman with members from various streams. It should also have a governing council consisting of chairpersons of other regulatory bodies and state higher education councils.

JUDICIARY

PIONEER 22.9.09 JUDICIARY

An opaque judiciary

Surya Prakash

The ugly controversy that has erupted over the proposed elevation of Chief Justice PD Dinakaran of the Karnataka High Court to the Supreme Court is illustrative of the wide-ranging dissatisfaction across institutions and professions over the present system of appointment of members of the higher judiciary. It is indeed rare to see so many Bar Associations (Karnataka, Tamil Nadu, Delhi and the Supreme Court) raise their voice against an appointment and to press for a system of selection of judges that is transparent and fair.

The frustration that is visible in the reactions of lawyers via these fora is understandable given the inaction in judicial and executive quarters even to the weighty opinions of important national commissions, standing committees of Parliament, eminent jurists and professional bodies, all of whom have been pleading for a more broad-based system to select judges.

While under the law as it exists today, it is entirely up to the collegium of judges to take a call on the allegations levelled against this particular judge, the hullabaloo over Justice Dinakaran's elevation only highlights the inadequacy of the procedure that is in vogue ever since the Supreme Court accorded primacy to the opinion of the Chief Justice of India and the collegium of judges in choosing members of the higher judiciary.

The National Commission to Review the Working of the Constitution,

which was headed by former Chief Justice of India MN Venkatachalaiah, declared in 2002 that it was not satisfied with the present arrangement in regard to judicial appointments in which the opinion of the collegium of Supreme Court judges would have primacy over the opinions of others, including that of the President. It called for a more participatory mode which would ensure effective participation of both the executive and the judiciary. It noted that on a plain reading of Article 124 of the Constitution, the power of appointment of judges vests in the President and the President is expected to perform this function "after" consultation and not "in" consultation with the Chief Justice of India.

The Commission recalled how the law in regard to judicial appointments had undergone change over the years. For example, Article 217(1) of the Constitution requires the President to consult the Chief Justice of India, the Governor and the Chief Justice of the High Court while appointing judges to the High Courts. In SP Gupta's case (First Judges Case), the question arose as to whether among the three judges to be consulted, the Chief Justice of India had primacy. The court said that Article 217(1) placed all the three functionaries on the same pedestal.

In the Second Judges Case (1993), the court said the Chief Justice of India must take into account the opinion of two senior-most judges of the Supreme Court to ensure that the opinion is not merely his individual opinion but is in fact "the collective opinion of the body of men at the apex level in the judiciary". Also, the opinion of the Chief Justice of India so formed "should be determinative and almost binding on the President". The court favoured an "integrated participatory consultative process" for selecting the best and most suitable persons available for appointment. However, in case of a disagreement between the President and the Chief Justice of India, "the opinion of the latter must prevail". Later in 1998, the court described the collegium as the

Chief Justice of India and four senior-most judges when this issue came up yet again via a presidential reference under Article 143.

The NCRWC felt that the post-1993 arrangement for appointment of judges needed improvement. It said that a National Judicial Commission headed by the Chief Justice of India and comprising two senior-most judges of the Supreme Court, the Union Law Minister and an eminent person nominated by the President in consultation with the Chief Justice of India should select judges. The NCRWC said, “It would be worthwhile to have a participatory mode with the participation of both the executive and the judiciary in making such recommendations.” In other words, it wanted the consultative process to be more broad-based.

Parliament has been exercised over the complete monopoly of the judiciary in regard to appointment of judges ever since the Second Judges Case. In 2006, the Parliamentary Standing Committee on Law and Justice expressed its dissatisfaction with the procedure adopted since 1993. It urged the Government to come up with an alternative mechanism which would ensure the involvement of both the executive and the judiciary in the process of selecting judges.

More recently, the Second Administrative Reforms Commission has come out strongly in favour of a National Judicial Council to select judges. Though the Second ARC differed from the MN Venkatachalaiah Commission on the composition of this body, the central theme remained the same. It said the NJC should be headed by the Vice-President and comprise the Prime Minister, the Speaker of the Lok Sabha, the Chief Justice of India, the Union Law Minister and the Leaders of the Opposition in the Lok Sabha and the Rajya Sabha. It said the appointment of judges should be a bipartisan process above day-to-day politics.

However, all these suggestions and the unanimous opinion against the present system of appointment of judges have just not been acted upon. Apart from the commission headed by Mr Venkatachalaiah, committees of Parliament, the Administrative Reforms Commission, the Forum for Judicial Accountability, eminent jurists and legal luminaries like Mr Shanti Bhushan, Mr Fali Nariman and Mr Ram Jethmalani, and Bar Associations are seeking a more transparent and credible system to appoint judges.

The judiciary, however, seems unwilling to shed its insular approach to judicial appointments and the executive appears to lack the moral courage to make law on the lines suggested by Mr Venkatachalaiah and others to overcome the limitations imposed by the Supreme Court in the Second Judges Case. By resisting change, the higher judiciary is giving the impression that it is still not ready to apply the principles of transparency and accountability which it enforces in other organs of the state. If this impasse continues, we can be certain that the current rumpus over a judge's elevation to the Supreme Court will not be the last. Over to the Chief Justice of India.

HINDU 23.9.09 JUDICIARY

Judicial appointments and norms

Anil Divan

"…The public injury which may be caused by appointment of a Judge lacking in integrity would be infinitely more than the public injury which may result from non-appointment of a competent Judge possessing integrity."

The controversy relating to the proposed appointment of Justice P.D. Dinakaran to the Supreme Court is unique and unprecedented. The citizen is entitled to be informed about the many issues that have arisen.

The procedure and process of appointment of Judges of the High Courts and the Supreme Court has been the subject matter of three judgments of the Supreme Court.

The first one (Justice P.N. Bhagwati in *S.P. Gupta v. UOI*) has picturesquely described this process:

"The exercise of the power of appointment and transfer remains a sacred ritual whose mystery is confined only to a handful of high priests, namely... The mystique of this process is kept secret and confidential between just a few individuals, not more than two or four as the case may be, and the possibility cannot therefore be ruled out that howsoever highly placed may be these individuals, the process may on occasions result in making of wrong appointments and transfers and may also at times, though fortunately very rare, lend itself to nepotism, political as well as personal and even trade-off."

This judgment has been overturned only on two points. First, primacy is

now given to the opinion of the CJI and not the Central government. Secondly, in view of the wider consultation required, judicial review is excluded except where the requisite consultation is not done or the appointee is ineligible.

Yet, the mystique of the "Sacred Ritual" remains, with certain changes introduced by two subsequent judgments of the Supreme Court (*SCAORA v. UOI* and *Presidential Special Reference No.1 of 1998*). Both these are nine-Judge Bench judgments. The first change is that the circle of "high priests" has been enlarged to include some senior judges in different collegiums, and a wider consultation amongst knowledgeable judges is taking place. Secondly, the substantial exclusion of judicial review makes the process virtually non-transparent and unaccountable. What was opaque has now become total darkness.

Has this exercise gone awry in the case of Justice Paul Daniel Dinakaran Premkumar?

On August 28, *The Hindu* came out with the news that the Supreme Court collegium had recommended five names for elevation to the Supreme Court. These were of A.K. Patnaik (the Chief Justice of the Madhya Pradesh High Court), T.S. Thakur (Chief Justice: Punjab and Haryana), K.S. Radhakrishnan (Chief Justice: Gujarat), S.S. Nijjar (Chief Justice: Calcutta) and P.D. Dinakaran (Chief Justice: Karnataka).

On September 8, the Chief Justice of India and the collegium as well as the Law Minister were informed by a few senior members of the Bar by means of letters that "we have got very disturbing reports about the integrity of one of the proposed appointees from multiple reliable sources." (The author of this article was a co-signatory.)

On the same day the letter was followed by a communication enclosing a representation from several responsible members of the Tamil Nadu bar with detailed facts and particulars. The President of India and the Prime Minister were apprised of the situation. A second representation

by members of the Tamil Nadu bar with additional facts has now been communicated to the authorities concerned.

Upon the news breaking in the print and electronic media the Karnataka Bar Association passed a resolution calling upon Justice Dinakaran to refrain from discharging judicial duties. Justice Dinakaran stoutly denied the allegations and any wrongdoing.

Issues mixed up

In view of the demand made by the Karnataka Bar Association, two issues have got mixed up and this is confusing the public mind.

The first is regarding the suitability of a candidate to be appointed as a Judge of the High Court or the Supreme Court. The second is whether the allegations and complaints against the Judge are to be inquired into and findings arrived at, and for what purpose? The mechanism and the tests for arriving at an opinion on these two issues are entirely different.

This article only deals with the first issue.

In the celebrated case of *S.P. Gupta v. UOI*, Justice Bhagwati was called upon to deal with a similar issue. Justice S.N. Kumar was appointed an Additional Judge of the Delhi High Court for two years and the question arose whether he should be recommended for further extension as an Additional Judge. The then Chief Justice of India (Justice Y.V. Chandrachud) recommended him for further extension. But the then Chief Justice of the Delhi High Court (Justice Prakash Narain) wrote to the Law Minister that he was not in a position to recommend such extension for Justice Kumar. His reasons included several complaints and also the fact that some responsible members of the Bar and some of his colleagues had expressed doubts about Justice Kumar's integrity. The Chief Justice of the Delhi High Court frankly stated that he had no investigating agency to conclusively find out whether the complaints against Justice Kumar were genuine or not. But

he added that “all the same, the complaints have been persistent.” The Law Minister, accepting the views of Chief Justice of the Delhi High Court, did not give an extension to Justice Kumar.

On a challenge to this decision, Justice Bhagwati discussed the entire record of relevant correspondence between the Law Minister and the Chief Justice of India and the Chief Justice of the Delhi High Court, and observed: “While making his recommendations whether S.N. Kumar should be continued as an Additional Judge or not, the Chief Justice of Delhi had to consider the fitness and suitability of S.N. Kumar at the time... and doubts about the integrity of S.N. Kumar were expressed by responsible members of the Bar and some of his own colleagues, the Chief Justice of Delhi could not be said to have acted unreasonably in declining to recommend S.N. Kumar for an extension. It may be that on full and detailed investigation through an independent and efficient investigative machinery, the complaints and the doubts against S.N. Kumar might have been found to be unjustified but such a course would have been neither practicable nor desirable.”

The contention urged on behalf of Justice Kumar was that the question to be addressed was whether in fact the judge possessed honesty and integrity and not whether the judge enjoyed a good reputation for honesty and integrity. This argument was rejected.

It was held that while arriving at his opinion on suitability the matter was not required to be adjudicated or a quasi-judicial or judicial inquiry to be held to find out whether the Additional Judge was in fact lacking in honesty and integrity.

It was observed (by Justice Bhagwati):

“Such an inquiry against a Judge whether additional or permanent would not be permissible except in a proceeding for his removal. What the Chief Justice of the High Court has to do is merely to assess the suitability of the Additional Judge for further appointment and where

lack of integrity is alleged against him, the assessment can only be on the basis of his reputation for integrity."…

"It is therefore not enough in order to be able to recommend a person for appointment as a Judge to say that there is no proof of lack of integrity against him, because, if such were the test to be applied, there would be grave danger of persons lacking in integrity being appointed as Judges. The test which must be applied for the purposes of assessing the suitability of a person for appointment as a Judge must be whether the Chief Justice of the High Court or for the matter of that, any other constitutional authority concerned in the appointment, is satisfied about the integrity of the person under consideration... The public injury which may be caused by appointment of a Judge lacking in integrity would be infinitely more than the public injury which may result from non-appointment of a competent Judge possessing integrity."

No inquiry necessary

In sum, to make an appointment no inquiry into allegations is necessary. What is essential is that the constitutional functionaries have to be satisfied about the appointee's integrity. In other words, as Justice Verma put it pithily, "The collective wisdom of the constitutional functionaries involved in the process of appointing superior Judges is expected to ensure that persons of unimpeachable integrity alone are appointed to these high offices and no doubtful persons gain entry."

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POLITICS AND GOVERNMENT

HINDUSTAN TIMES 18.9.09 POLITICS AND GOVERNMENT

Keeping it simple

Rajdeep Sardesai

In this period of competitive austerity, there can be nothing more tiresome than a sanctimonious politician. With netas offering to travel in the cargo holds of aircraft, a senior minister called up to say, “I haven’t taken salary from the Government of India for the last five years, what greater evidence can there be of my commitment to austerity!” What he forgot is that such is his personal wealth that a government salary was loose change that he could easily forego.

Unfortunately, in the cacophony over our netas’ flying preferences, we’re ending up engaging in farcical paise-pinching. If the government and the Congress are serious about curbing expenditure in times of drought, then flying cattle (sorry, *aam admi*) class on a low cost airline is hardly the answer. The saving of a few thousand rupees is the kind of effete tokenism India seems to specialise in.

If Prime Minister Manmohan Singh — himself almost Gandhian in his habits — was serious about tightening the *sarkari* belt then he should have downsized the government. After all, why does he need a 78-member council of ministers, including around 38 ministers of state? Cutting his ministry by half will be a much bigger saving.

Moreover, the real hidden costs confronting a government come from the corruption that is endemic to the state system. If Singh is truly serious about austerity, why doesn’t he sack those in the government who stand accused of corruption? Why, does a Buta Singh remain the chairman of the SC/ST commission even after the CBI arrested his son

for abusing his father's position to amass crores? Why does a minister accused of manipulating spectrum allocation continue to retain his ministry?

Then there are those who believe that government privileges are lifelong entitlements. Why, does a Ram Vilas Paswan continue to occupy prime property in Lutyens' land for over four months after his party lost the Lok Sabha polls?

A recent RTI petition revealed that about 14 defeated MPs, including eight ministers, from the previous Lok Sabha continue to occupy their bungalows. Why doesn't the prime minister's office act against them? Or against those who make lavish renovations to their government houses in violation of all laws?

Downsizing government, acting against the corrupt and snatching away the privileges of the political elite require courage and conviction — qualities that often go missing when confronted with the compulsions of coalition politics. Forcing S.M. Krishna and Shashi Tharoor to vacate five-star hotels was always a soft option. Neither of them can be remotely described as a mass politician — one a dinosaur, the other a debutante MP, both of whom were easy targets for a political leadership determined to make a point.

In a sense, both Krishna and Tharoor represent a certain class of elite English-speaking politicians who are now an endangered species. One is a tennis-playing Fulbright scholar. The other, a 'twittering' former UN diplomat-novelist who is already a posterboy for the capital's chattering classes.

Their 'crime' isn't that they were staying in a five-star hotel for the last three months: after all, there is no evidence of their having used public money for the luxury. Their failing, perhaps, is that their lifestyle was seen as a symbol of a certain social elitism, which a class-conscious Indian political system is still uncomfortable with.

A Mayawati, for example, can still get away with her grotesque exhibition of opulence (notice how she hasn't said a word on the austerity debate) because she has been successfully projected as a '*Dalit ki beti'*, whose wealth makes her an aspirational symbol for an entire community. In politics, perceptions do matter.

In the Indian context, a neta must always project a common man's touch, negated by the extravagance of living in the presidential suite of a five-star hotel. The 'privacy' argument simply doesn't hold. Once you are in public life, your private realm is no longer clearly delineated.

One contemporary elite politician who has realised this better than most is Orissa Chief minister Naveen Patnaik. The Doon school-educated urban sophisticate who lived on plush Aurangzeb road, night clubbed in New York with Jackie Onassis and Gore Vidal, wrote books on herbs and gardens and relished his smoke and scotch, is now transformed into a tough and rooted regional satrap.

When in Delhi, he stays at Orissa Bhavan, hasn't travelled abroad since becoming the chief minister, will happily entertain tribal dancers from his state and is always seen in public in a crumpled kurta-pajama. He may still drink the finest chota pegs in private, but in public he is what his followers want to see him as: an austere, committed mass leader.

Austerity, then, for a true Indian politician, is not so much about which class you fly by or which hotel you stay in: it is about consciously shedding a certain elitism that can, at times, be incongruous in a country where a majority of the people still struggle at subsistence level.

Post-script: Maybe, some of our 'austere' Indian netas need to follow the British example where in the past few months over a dozen MPs have been forced to resign for claiming all kinds of 'allowances', including mortgages of second homes, maintaining housekeepers, cleaning swimming pools, buying chandeliers and — in one case — putting up

the family in a hotel. If that principle of accountability was followed, many of our MPs would have been forced out of office.

The views expressed by the author are personal.

http://www.hindustantimes.com/StoryPage/Print/455097.aspx

PIONEER 20.9.09 POLITICS AND GOVERNMENT

Tharoor too loud for Indian politics

Swapan Dasgupta

Many years ago, during a very jolly and boisterous evening in a pub, an English friend told me a wonderful story. A newly-independent Third World country, it seems, had decided that it needed the English system of justice, particularly the trappings. The new Government got to work purchasing wigs and robes for the judges and barristers and instructing them in court procedure. After a year, it felt confident enough to invite a legal luminary from England to come and see the progress.

On witnessing a trial at the 'native' High Court, the English lawyer was very impressed. The conduct of the judges and barristers was exactly as the Inns of Court had prescribed. It was England transplanted into another continent.

When the hosts asked him for his views, the Englishman was ecstatic. "We couldn't have done it better," he admitted. "However, there is just one puzzling feature about your courts. Why do you often have a topless woman running through the court?"

The hosts were unfazed. "That's part of English tradition," one of them replied. "What is?" inquired the puzzled Englishman.

"We have often read in the papers about a titter running through the courtroom…"

Shashi Tharoor should be reassured that he is not the first person to have suffered as a result of what fellow Stephanian Mani Shankar Aiyar once lamented was the editorial class's "nodding acquaintance" with idiomatic English. Over the past week, ever since his by-now infamous reply to Kanchan Gupta's innocuous Twitter query, I have heard truly colourful translations and interpretations of both "cattle class" and "holy cows". It has been suggested in all seriousness that Tharoor's aside was a snide reference to the Congress's holy cow and holy calf who had just made well-publicised trips in cattle class. "He compared Madam to cattle," was the indignant comment of a home-grown Congress loyalist who felt that politics should be a vernacular prerogative, not the fallback career of international babus.

India may well boast one of the largest concentrations of English-knowing people but there are serious occupational hazards in assuming that idiomatic usage, literary allusions, irony and sarcasm are not lost in translation. When Arun Jaitley described Manmohan Singh as a "night watchman PM" in the Rajya Sabha, a senior Minister demanded an apology; in his mind, the PM had been called a chowkidar! Again, for reasons I have never quite gauged, some Bengalis take violent umbrage to the word 'nonsense', much more than any four-letter word or doubts over parentage.

St Stephen's College in the 1970s (when Tharoor and I were classmates there) resonated with clever one-liners, outrageous puns and the appreciation of PG Wodehouse. For the "gentlemen in residence" — Stephen's-speak for hostellers — "time pass" lay in chuckling over Bertie Wooster's thoughts on gainful employment: "I once knew a chap who had a job." In the harsh world outside, this would be viewed as insensitivity born of privilege. For that indiscreet moment, Tharoor, otherwise quite focussed in his self-advancement, forgot that messaging on Twitter (a very public medium) isn't quite the same as college debating repartee. The consequences of this Twitter message may well

turn out to be worse than the offence — despite the PM's gallant attempt to lighten the air.

The problem with Tharoor is that he didn't know when to cut his losses. After the controversy of his 100-day stay at the Taj Mahal Hotel, he should have done what the more experienced SM Krishna did — effect a strategic retreat, keep quiet and let the media move on to the next story. Instead, there was, first, the "gym and privacy" excuse, followed by the sneering disdain for the larger austerity drive — the "chaat" meal in Bengali Market with an accompaniment of 20 TV cameras. Worse, he let his Officer on Special Duty run a proxy battle of defiance — from keeping a room at the same five-star hotel to taking on the formidable Jayanthi Natarajan on Twitter.

Tharoor should have realised that paratroopers are always suspect in the fiercely competitive world of politics. He should, ideally, have kept his personal publicity machine at a low key. He should have shunned releasing every novel debuting at a five-star venue; not sent unsolicited collations of his weekly Tweets to all and sundry; not made the official MEA spokesman redundant by speaking on every conceivable foreign policy issue for TV; not gloated over the fact that fellow Stephanians in the Foreign Service now had to pay courtesy calls on him; and most important, not taken his OSD to private dinners. Tharoor gave the impression of being, what Sunanda K Datta-Ray once called, "raucously arriviste".

Those familiar with the labyrinthine byways of the Congress would have read the signals the day Rajasthan Chief Minister Ashok Gehlot — a man not known for saying anything — requested Tharoor's resignation. It wasn't Gehlot settling some personal score; it was the Congress establishment showing the precocious interloper his place. Tharoor may yet survive if he grovels and promises to behave himself in future. But after he returns from his West African sojourn it won't be the same Tharoor.

India (or at least the Congress), in the immortal phrase of Sir Edwin Lutyens, now “expects every man to do his dhoti”.

Postscript: Newspaper readers have of late been barraged with extensive chunks from Mahatma Gandhi’s Collected Works, and in many instalments.

It reminds me of former British Prime Minister Arthur Balfour’s aside on the publication of yet another book by Winston Churchill: “I hear that Winston has written a big book about himself and called it The World Crisis.”

RURAL DEVELOPMENT

HINDU 19.9.09 RURAL DEVELOPMENT

Employment guarantee or slave labour?

Jean Drèze

The delays in NREGA wage payments are not just operational hurdles — they reflect a deliberate attack on the scheme.

Reports of prolonged delays in NREGA wage payments have been pouring in from all over the country in recent months. The reports are truly alarming, with delays of several months becoming the norm in entire districts and even States. Worse, there are worksites where labourers have lost hope of being paid at all (we found some in Khunti district, Jharkhand). This is not very different from slave labour.

Under the National Rural Employment Guarantee Act, workers must be paid within 15 days. Failing that, they are entitled to compensation under the Payment of Wages Act — up to Rs. 3,000 per aggrieved worker. However, except in one isolated instance in Jharkhand, compensation has never been paid.

Even small delays often cause enormous hardship to workers who live on the margins of subsistence. How are they supposed to feed their families as they wait day after day for their wages, clueless on how long it will take and powerless to do anything about it? A recent investigation of hunger deaths in Baran district, Rajasthan, found that delays in NREGA wage payments were partly responsible for the tragedy. Timely payment is, literally, a matter of life and death — all the more so in a drought year.

It is often argued, especially by government officials, that the main reason for the delays is the inability of banks and post offices to handle mass payments of NREGA wages. There is a grain of truth in this, but as a diagnosis of the problem, it is quite misleading. First, the current "jam" in the banking system is the Central government's own doing. It reflects the hasty and top-down switch to bank payments imposed about a year ago. As far back as October 2007, members of the Central Employment Guarantee Council warned against this and advocated a gradual transition starting with villages that are relatively close to the nearest bank.

Secondly, the delays in banks and post offices are by no means immutable. In fact, the main obstacle (opening millions of accounts in a short time) is already behind us. In a few States like Rajasthan, the volume of NREGA payments is certainly a continuing challenge. But in most States, these would be quite manageable with suitable arrangements on the part of banks and post offices. In Khunti, we found that payments were easy to expedite with a little help from trained volunteers who accompanied workers to the banks. In Andhra Pradesh, there is a clear protocol for payments through post offices, with strict timelines and constant monitoring. According to this monitoring system, I am told, 70 per cent of the wages are paid within 15 days.

Thirdly, the delays are not confined to the banking system. Very often, it takes more than 15 days for "payment orders" to be issued to the banks by the implementing agencies (for example, the gram panchayat). Thus there are lapses outside the banking system too. For the local administration, blaming the banks is a convenient way of passing the buck.

On closer examination, various hurdles appear to contribute to the delays. These include delays in work measurement (themselves linked to the tyrannical behaviour of the engineering staff), bottlenecks in the flow of funds (sometimes bringing NREGA to a halt in entire blocks),

irresponsible record-keeping (such as non-maintenance of muster rolls and job cards), and, yes, hurdles related to bank payments. But I venture to suggest that behind these specific hurdles is a deeper "backlash" against NREGA in many areas. With bank payments making it much harder to embezzle NREGA funds, the whole programme is now seen as a headache by many government functionaries: the workload remains but the "inducements" do not. Aside from the possibility of foot-dragging, slowing down wage payments is a convenient way of sabotaging NREGA, because it makes workers themselves turn against the programme. That was certainly the situation we found a few months ago in Khunti, where workers had started deserting NREGA worksites. This backlash, I surmise, is the real reason why massive delays have emerged around the same time as the transition to bank payments. Seen in this light, the delays are not just operational hurdles — they reflect a deliberate attack on NREGA.

The Central and State governments, for their part, seem to be in denial mode. In Delhi, the Ministry of Rural Development has a vague awareness of the delays, but little to show by way of factual evidence or remedial action. When the Ministry's attention was drawn to the morass of wage payments in Khunti district, the Deputy Commissioner was asked to take action and certify that no wages were pending. She sent the certificate (in writing) within a few days. It turned out to be based on nothing more than empty assurances from the Block Development Officers, who have no credible data on wage dues. A recent social audit in Khunti showed that rampant delays persist to this day. Ostriches are alive and well in Jharkhand.

Instead of addressing this emergency, the Ministry is lost in a maze of confused proposals about "NREGA-2." The real meaning of this term became clear on August 20, 2009, when the Ministry was expected to unfurl the NREGA-2 blueprint on the occasion of Rajiv Gandhi birth anniversary. This blueprint boiled down to an architectural sketch (hastily prepared by the School of Planning and Architecture) for "Rajiv

Gandhi Seva Kendras," to be built in all gram panchayats as one of the "core activities" under NREGA. This is a strange idea, especially in a drought year — pucca buildings are not even on the list of permissible works. Perhaps someone thought that putting the Gandhi tag on NREGA across the country would please the political bosses and help the ruling party reclaim the programme. The recent rearrangement of the Central Employment Guarantee Council, with some very able members being shown the door to make room for Congress MPs and friends, was in the same genre. A better way of winning credit for NREGA would be to make it work, starting with timely wage payments.

Insofar as the Centre has any answer to the problem, it seems to be based on the "business correspondent" model, whereby bank agents will go around villages to make cash payments recorded through hand-held electronic gadgets. This solution, however, is based on a wrong diagnosis — that the main problem is the distance that separates many villages from the nearest bank. Distance is certainly an issue in some areas but it has little to do with the delays. In any case, the need of the hour in a drought situation are not futuristic experiments but is immediate acceleration of payments.

Ending the delays is not a simple matter. The first point to note is that, as things stand, there is no in-built alert in the event of delays, let alone any in-built pressure to act. Programme Officers at the block level typically have no data on delays in wage payments. The workers, for their part, have no way of airing their grievances. This is one aspect of the general lack of grievance redress provisions in NREGA; or rather, of the sidelining of these provisions on the part of Central and State governments — in this case by ignoring the compensation clause. Activating this clause (along with Section 25 of NREGA, which provides for penalties on anyone who does not do his or her duty under the law) would be of great help in accelerating wage payments.

Aside from this, other effective measures can be taken. Piece rate work could be replaced with daily wage work in drought-affected areas, to dispense with the cumbersome process of work measurement. In any case, wages could be paid on the basis of attendance wherever work measurement is not completed within, say, seven days. Buffer funds can be provided to gram panchayats and post offices, to avoid bottlenecks in the flow of funds. Clear timelines are required at every step of the payment process, along with close coordination of the NREGA machinery with banks and post offices. Job card entries need to be made at the worksite, so that workers have proof that wages are due. Partial advances, in cash at the worksite, could also be considered. And, of course, wage payments need to be meticulously tracked.

These are just a few examples of possible steps to reduce delays in wage payments. The first step, however, is to recognise the problem and give it overwhelming priority. The absence of that is the big stumbling block today.

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