

CONTENTS

BOOK REVIEW

RABINDRANATH TAGORE 4-5

CORRUPTION

The drive for Lokpal 7-10

Corruption mars ability to fight terror 11-13

Corruption not the sole problem 14-16

ECONOMIC DEVELOPMENT

The Bobbitised bill 18-20

From Small Beginnings 21-23

NO LONGER A PICNIC 24-27

POLITICS AND GOVERNMENT

Cabinet reshuffle 29-30

New-age leaders 31-34

POVERTY

Well-being of the poor 36-37

RURAL DEVELOPMENT

Wages of a quick fix

39-42

SOCIAL JUSTICE

What's the big deal?

44-46

BOOK REVIEW

TELEGRAPH 22.7.11 BOOK REVIEW

In **RABINDRANATH TAGORE: A PICTORIAL BIOGRAPHY**

(*Niyogi, Rs 1,500*), the biography is certainly more arresting than the pictures. Nityapriya Ghosh picks and chooses his sources as he tells the story of Tagore's crowded life, in order to "fill in some gaps" in the tale with anecdotes and themes that tend to get lost in a sweeping narrative. As a result, Tagore is often seen from less familiar points of view. Given the range of Tagore's activities and the rich produce of his inactivity, any popular narrative would have to skim through his 80 years. In spite of that, this story pays particular, if uneven, attention to Tagore's political concerns and to his travels West and East. Facts usually found dispersed are often thematically linked together, such as the years he spent as editor of different periodicals. The occasional 'boxes', stylishly designed as old scrolls, throw sidelights on certain connections and anecdotes — Sarojini Naidu and Tagore, for example, or Shaw and Tagore, or even Tagore as film director (he was a disaster here).

There the stylishness ends. The text needed more attentive editing, and the lack of that often hurts the author's translations of interesting passages — those from Rani Chanda, for example. But it is the 'pictorial' part of the biography that is truly disappointing. The book is simply not fair to a terrifically good-looking man who never objected to having his picture taken. Why plan a pictorial biography and skimp on the pictures? And the pictures are often too small and poorly reproduced, although the author offers a valiant defence of the quality in his acknowledgment. The carelessness extends to captions as well. On page 73, the captions for the poet's nephews, Balendranath and Surendranath, have been interchanged. The photograph of Rabindranath "at the age of

five” on page 13 is probably Rathindranath’s.

The presence of less widely known photographs is some consolation. The collection from Tagore’s travels and public life yields a few, such as the one showing him with the leaders of the Indian National Congress in 1890, in Chicago in 1913, or in Santiniketan with a group of students that includes Samindranath, with “German intellectuals” in 1926, with the former Chinese emperor, at the stone-laying ceremony in Mahajati Sadan while Subhas Chandra Bose speaks in 1939, and some taken in the Malay peninsula, in Siam, China, Japan, Burma, in Moscow, Naples and Frankfurt, and other places in Europe. But the uneven quality of production and inconsistent principles of description rather ruin the effect. And while there is a list of books referred to, the photographs seem orphaned. There is no way to know who took them and where they have come from.

Tagore at 36 is seen in Jorasanko (*top left*). The cropping and quality of the photograph leave much to be desired. Gaganendranath Tagore painted his uncle at the Calcutta Congress in 1917 (*top right*), the poet is seen with Madhurilata and Rathindranath in 1889 (*bottom left*) and on the steps of the Borobudur Stupa in 1927 (*bottom right*).

BHASWATI CHAKRAVORTY

CORRUPTION

TRIBUNE 20.7.11 CORRUPTION

**The drive for Lokpal
Mass organisations' backing needed**

Kuldip Nayar

CIVIL society in India may not have succeeded to force the government to adopt a radical Bill to constitute the Jan Lokpal, an ombudsman, to eliminate corruption. Yet the threatened movement and fast by Gandhian Anna Hazare, centre of action, has put the fear of God in the mind of the government. It has begun cleansing its stable.

Two Telecom Ministers were forced to quit the Cabinet, one of them is in jail. Commonwealth Games chief Suresh Kalmadi, too, is in jail for financial irregularities. The ruling Congress did not exactly follow the coalition dharma when it felt that the fire of corruption is reaching it.

Prime Minister Manmohan Singh's reshuffle of the Cabinet shows that he is conscious of the nation's outcry against corruption. Some eight ministers inducted into his Council of Ministers do not have any baggage of taint. The seven he dropped did not enjoy a good reputation. None is sorry to have lost them. Changing the Minister of State for Railways was necessary when he did not visit the site of the Kalka Mail derailment, which killed nearly 70 people.

Even the Central Bureau of Investigation (CBI) has begun to show guts. It must have been at the instance of the Prime Minister because the CBI is under the control of the government. I have no doubt that the agency's action against the DMK ministers and particularly DMK chief K.

Karunanidhi's daughter, Kanimozhi (she is in jail), would not have taken place without the government's permission. This development is welcome because the CBI had come to be called by the name of Congress Bureau of Investigation.

However, over-activism of the judiciary in an environment of mistrust against the government is a mixed blessing. That the Supreme Court is coming heavily on corruption is a welcome sign of vigilance. The court has won kudos for having appointed a committee of two retired judges to supervise the cases. The government's efforts to bring back the black money, which some top Indian politicians and bureaucrats have stashed abroad, will be now under the court's gaze. The money is estimated at Rs 45 lakh crore.

Yet by directly monitoring the progress of cases, the Supreme Court has upset the delicate balance between the judiciary and the executive. Both are an integral part of the democratic structure. If the judiciary encroaches upon the territory of the executive, the judges would have to blame themselves if there is an outcry from Parliament. They should realise that the hallowed Lakshman rekha respected over the decades cannot be violated. This may lead to a clash which is not good for democracy. The executive has the force of the majority of elected representatives behind it.

However, I am worried over the future of the Jan (people) Lokpal Bill, which stirred a debate on corruption in the first instance. It is unfortunate that the Bill has not found favour with the government. Maybe, the Bill asked too much at the same time. The government is proposing a Bill of its own which looks better than the first one. The main opposition party, the BJP, tends to favour its one feature, not to touch the judiciary at all. True, civil society wants the judiciary under the Lokpal. But the proposed judicial commission may meet its demand. Thus, the differences can be spanned once the judicial commission comes into being. New Law Minister Salman Kurshid has announced that the Bill

on judicial accountability will be placed before Parliament in the next session, beginning August 1.

Anna Hazare's fast unto death may not help the situation, which has the potential of going out of hand if civil society continues to support him. How far civil society will defy the government is not known. But my experience is that civil society does not have the stamina to pursue for long. All avenues of conciliation should be exhausted before the fast is undertaken.

Therefore, the deadline of August 16 sounds like an ultimatum. At the same time, the government should not take it easy if there is no fixed date for the fast.

The most important thing is that civil society stays united. There are already some differences over the type of Lokpal the country should have. Activists are also not united. It is understandable that they should not voice criticism in public. But that does not dilute the fact that serious differences exist on how to conduct the agitation.

Those who talked to the government on behalf of civil society have to reach out to the critics within their ranks. They should realise that the movement can embrace all sections of society if they do not have the touch-me-not attitude. The support of people's mass organisations must be harnessed. For that the basic right to livelihood will have to come to the fore. The movement can take a radical turn. Is civil society prepared for that? All these aspects must be considered beforehand.

Indians may be too talkative. But they are not oblivious to what is happening around them. They would have taken one or two scams in their stride. But when they found them tumbling out of the government's closet at regular intervals, they inferred that the entire system was rotten to the core. They have no trust in the government, whether at the Centre or in the states. This is the reason why politicians are at the receiving end all the time.

Political parties may argue endlessly that Parliament is supreme. Yet what the parties do not realise is that Parliament does not now evoke the kind of respect or confidence it once did. There is a feeling that Parliament — people watch the daily live telecast of proceedings — passes important Bills like the budget within a few minutes. But when it comes to non-issues, the MPs have all the time in the world and go on ranting tirelessly.

Mere assurances are not enough. Members of both Parliament and state legislatures must understand that the earth under their feet is slipping slowly and steadily. No doubt, people's cynicism of Parliament does not help in any way. Nor does MPs' lack of concern for people's aspirations and sentiments. As of today, the existing political parties are bound to lose the seats they have today.

A third option is required. Maybe, the socialist party which was revived in Hyderabad earlier this year can become a nucleus for a new political party, democratic and secular. Civil society may come to the conclusion before long that there is no alternative except to give a call for fresh elections. The nation must go back to the people.

Corruption mars ability to fight terror

Hiranmay Karlekar

Corruption has deeply eroded the efficiency of the police. Despite intelligence alerts, neither the Maharashtra nor Mumbai police have been able to take adequate preventive measures. Mumbai Police failed to deploy its forces adequately as the attacks unfolded

The recent serial blasts in Mumbai has understandably raised fundamental questions regarding the city's ability to learn from the experience of 26/11 and translate the lessons and implement anti-terrorism measures accordingly, and the level of coordination prevailing among the Mumbai and Maharashtra Police and the central intelligence agencies and para-military forces. Not adequate attention is paid to the social, economic context in which terrorism emerges and is fought. The most critical of these pertains to governance, the cutting edge of which is administration, precisely the area in which Mumbai and Maharashtra have suffered a steep and continuing decline over the last 30 years.

The principal undermining element has been corruption, which has grown exponentially since the beginning of the 1980s. A number of scandals have been unearthed since then. While the Adarsh Housing Society Scam is the most prominent among the more recent ones, a number of others have also been identified. The Comptroller and Auditor General's report for the year ending March 31, 2010, (Commercial) Government of Maharashtra, prepared by Ms Sayantani Jafa, Accountant General (Commercial Audit) Maharashtra, provides a

graphic account of corruption in the State Government's undertakings in the power, tourism, road transport and industrial development sectors and even in the award of consultancies by the Maharashtra Electricity Regulatory Commission. Besides, there has been a steady decline in the level of administrative probity which has severely undermined the State's ability to cope with terrorism. This was clearly underlined by the tragic events of 26/11.

Corruption has deeply eroded the efficiency of the police. Despite intelligence alerts, neither the Maharashtra nor Mumbai police could take adequate preventive measures. Nor could the Mumbai Police deploy its forces adequately as the attack unfolded in different parts of the city. Had it been able to do so, three outstanding police officers — Hemant Karkare, Ashok Kamte and Vijay Salaskar — would not have been killed.

The investigations conducted under the supervision of Mr RD Pradhan, who had been Chief Secretary of Maharashtra and Union Home Secretary, has identified some of the causes of the failure. The recent serial blasts suggest that these have not been addressed adequately. Nor has there been adequate focus on the role of corruption and the consequent controversy over the poor level of protective apparel and weaponry that the police had to use.

Corruption undermines the efficiency of a police force in several ways. It alters its basic orientation from the enforcement and delivery of criminal justice to the lining of pockets. The transformation is disastrous as prevention and investigation of crime as well as successful conviction of criminals becomes the secondary function while securing bribes and 'wet' postings that bring in a rich harvest of these become the primary concern.

Bribery enables criminals to get away, false charges to be slapped on people and the murder of one's enemies through fake encounters. One

consequence of this is a sharp increase in crime and the formation and expansion of gangs running criminal syndicates. These, serious matters in themselves, undergo a qualitative transformation with the advent of terrorism, which threatens national security as terrorist groups enlist the support of criminal gangs in setting up cells and executing strikes. The role that Daud Ibrahim's network played in carrying out serial blasts that shook Mumbai on March 12, 1993, at the behest of Pakistan's Inter-Services Intelligence Directorate, hardly requires elaboration.

A police force, a sizeable section of which has come to develop close ties with criminal gangs, will be hard put to combat terrorist groups with ties with the latter. A corrupt policeman will let off a terrorist or facilitate his operations for a bribe, as a corrupt police establishment would procure substandard equipment and weapons for the forces by choosing dubious suppliers who provide the highest amounts as kickbacks. Allegations that this has been the case in Mumbai have yet to be thoroughly probed.

Finally, fighting terrorism is a serious, 24-hour business involving painstaking intelligence-gathering based on extensive humanly and electronically collected information, the generation and maintenance of the capacity for overwhelming instant response, the raising of specialist commando forces with the most effective weaponry and equipment. These, difficult to achieve at the best of times, become unattainable goals for a corrupt police system.

TIMES OF INDIA 23.7.11 CORRUPTION

Corruption not the sole problem

KANTI BAJPAI

Going by the [India](#). media, the greatest problem in the country is corruption. A content analysis of Indian television and newspapers and magazines will almost certainly show that the single largest item is corruption. Is corruption the most consequential problem facing the people of India? Not so. The obsession with corruption is a largely middle-class preoccupation, a type of middle-class diversionary tactic.

Corruption is a bad thing, obviously. The scale of it today seems monumental, though no one has showed that it is any worse than under previous governments. To say this is not to excuse the [UPA government](#), which clearly has to do much more to rid the system of dishonesty and illegal moneymaking. What is true is that the media today is far more vigilant and the government more porous than in the past. We therefore hear a lot more about corruption than we did before, and we tell ourselves that things have never been worse.

Actually, if someone monetised and counted the number of dishonesties and the amount of illegal moneymaking, we would probably find that on a per capita basis, corruption is not much worse than in earlier periods. If we discounted for inflation and growth rates, it has most likely been remarkably stable. Indeed, it is an even bet that the totality of corruption, big and small, has actually dipped, given the freeing up of the economy from the licence permit raj and the improvement in surveillance technologies.

Why then is the middle class preoccupied with corruption to the exclusion of all other pressing social issues? There is a long list of far more immediate and long-term problems that are vital to the well-being of ordinary Indians. These include the availability of food, water, housing, electricity, fuel, affordable and safe public transport, basic health amenities, banking facilities and participation in local municipal decision-making, amongst others. How many stories will you read about these issues in the English language or Indian language media? Very few.

The middle class controls the media in terms of ownership, viewership and readership, and the personnel in charge of these organisations. It does not want to be reminded that the vast majority of Indians live in squalor; a squalor so deep that few places on earth, even in the most deprived parts of [Asia](#), [Africa](#) and [Latin America](#) can match it. It is not that middle-class Indians do not know this. They just do not want to be reminded of it. And the challenges of removing this squalor seem so massive and unsettling to their lifestyles that they would rather focus on something more tractable. Corruption fits the agenda of what seems controllable.

Why does corruption fit the bill so well? For one, it seems like a finite problem. After all, how many really, truly corrupt people are there in India? In the middle-class and upper-class imagination, the number is not large: all MPs, MLAs, senior civil servants, and fat-cat corporate executives. Count them up and that comes to a few thousand - easy enough to deal with. Compare that to the hundreds of millions who must be helped out of poverty.

Corruption is also attractive as a target of middle-class ire because it cuts across caste, class, religious, regional, generational and gender divides. Who could be against fighting corruption except the corrupt? No great political and social compromises are necessary here. Everyone is against corruption and, therefore, campaigns against it are relatively painless.

Corruption is unifying.

A [campaign against corruption](#) draws people to it also because the major targets are easily enough identified - politicians, officials, business executives. They are greedy and venal, and no troubling social analysis is required to unearth the causes of the phenomena. What is the cause of India's poverty, abysmal human development and deplorable quality of life? These are much more difficult and dangerous questions to answer.

Corruption is not the only or even the greatest challenge facing India. It does need to be controlled. But a hysterical, exclusive focus on it by the media, activists and the public is wrongheaded.

ECONOMIC DEVELOPMENT

The Bobbitised bill

Samar Halarnkar

‘Given that economic growth requires manpower and brainpower, it seems plausible, however, that whenever that spark occurs, it is more likely to catch fire if women and men are properly educated, well fed and healthy, and if citizens feel secure and confident enough to invest in their children... it is also probably true that until that happens, something needs to be done to make that wait for the spark more bearable.’

In their engrossing new book, *Poor Economics: Rethinking Poverty and the Ways to End It*, Massachusetts Institute of Technology economists Abhijit Banerjee (a columnist on this page) and Esther Duflo note that a successful social policy may be a crucial step towards “that elusive takeoff”. The UPA believes the food and health propellant for takeoff is the national food security bill, 2011, the blockbuster legislation of its second term, much as the rural jobs programme was during the first.

Written by the National Advisory Council (NAC), the UPA’s think-tank on social issues, the original version of the bill is a carefully crafted, well-meaning proposal, written with rare empathy to bring into law a new fundamental right to food. Over 56 pages, the NAC draft explores legal solutions to everything from homelessness to malnutrition. Forwarded by UPA chairperson Sonia Gandhi to the government on July 2, after much prior friction with an expert committee set up by the prime minister, the draft is now at the centre of fresh tension.

Told to vet the NAC draft and send it to a group of senior ministers so it could be submitted to Parliament next month, bureaucrats in the food ministry have cut its length by about half. But this isn't about careful editing. It seems more like a hasty, hack job that reveals the government's reluctance to take responsibility for the new approach. The food ministry, under pressure from the finance ministry, has deleted entire pages devoted to those on the margins of India, including people who live with starvation and die from it, achieving maternal and child welfare, a critical aspect of any attempt to make a sickly nation healthier; the recognition of single-women households and an independent enforcement authority.

Essentially, the food ministry has reduced the food bill to an expanded dole of subsidised food. "It is a caricature of the notion of the right to food," said the bill's disappointed convenor of the NAC's group on food security, Harsh Mander, when I asked him for his reaction.

Now, you may argue whether Indians need a right to food. First, this will be an expensive law. In 2009-10, India spent Rs 70,000 crore as food subsidy to distribute cheap food through the public distribution system (PDS). You won't find that figure in government accounts because Rs 10,000 crore of this is a hidden subsidy — undeclared cost overruns. According to the latest back-of-the-envelope calculations, India will have to spend an additional Rs 19,000 crore as food subsidy if the NAC proposal is accepted. If the ministers accept the food ministry proposal, India will still need to spend an additional Rs 14,000 crore.

Second, many ask if this money would be better spent on infrastructure development, which would further swell the economic tide and lift more boats out of the water.

Third, does it need to be in food? There are compelling arguments — and the government is certainly leaning towards — cash transfers.

Fourth, how will a new law will be implemented in a country notorious for poor implementation of existing laws (as the World Bank noted last month, 60% of PDS grain does not reach the poor)?

Note that the UPA's blockbuster first-term legislation, the National Rural Employment Guarantee Scheme (NREGS), delivers at best half of its promised 100 days of work — in some states it's as bad as 15 days — to those who need it and is beset by corruption. To address PDS leaks and administrative failures, the NAC proposes lines of watchdogs, including some with judicial powers to punish erring officials (the food ministry has deleted these provisions).

I asked MIT's Banerjee what he thought of the fracas over the food bill. He said the food ministry did not want a grievance mechanism. "It is hard not to be suspicious about this, given what we know about the PDS system," said Banerjee. "On the other hand, I can see what the ministry is worried about. A lot of what goes wrong in the PDS system is stuff that happens at the level of the ration shop — tens of thousands of them. Who wants to be legally liable for each failure of this system?" He also said it would be "extremely hard" to enforce the NAC's extra provisions for priority groups, such as single-women. With so many abandoned women, who is to say someone is single, or not?

As for the money, Banerjee said: "If this is to be our one anti-poverty programme, then I do not see why it should not be generous." I might add that already existing spending, for instance on old-age pensions and school meals, could be integrated with the right to food, or whatever avatar it achieves.

In a country where more than 400 million people live below the official poverty line, or less than Rs 60 a day and nearly half of all children are malnourished — two decades of growth have only managed pare this by about 1% — State intervention is inevitable. Whether you agree with its approach or not, the NAC lays out a new, innovative route. The danger

with the food ministry's signposts is that they may lead to a road India has already travelled — and reached nowhere.

TIMES OF INDIA 19.7.11 ECONOMIC DEVELOPMENT

From Small Beginnings

Ajay Shankar

Small and medium enterprises (SMEs) are the backbone of industrial economies whether in Japan or in Germany. Small-scale industries were central to our development strategy in the heyday of planned industrialisation. They were expected to lead to the dispersal of industrial activity, broadening of entrepreneurship and greater employment generation, being naturally more labour-intensive. State governments created corporations to develop industrial estates, to provide credit, scarce raw materials and other support services.

The central government went even further, restricting the production of an expanding list of items exclusively for the small-scale sector, from garments to bus bodies. Small-scale industrial units were exempted from excise duties. With high trade and tariff barriers the growing domestic market for these items was entirely for the small-scale sector. With its growth, a whole new class of entrepreneurs emerged across the states.

Then came the new paradigm of economic reforms and liberalisation in 1991. In the excitement of abolition of industrial licensing, liberalisation of import of capital goods and opening up to FDI, this sector and its requirements in the changed environment did not get holistic policy attention.

Large industry was apprehensive about coping with competition and pleaded for a gradual approach through the 'Bombay Club'. Trade liberalisation and lowering of import duties went faster than the [Bombay Club](#) may have wanted in the 1990s. They struggled, restructured, modernised and learned how to cope. There was pain and some did go under, but corporate [India](#) has now become globally competitive and is spreading its wings across the world.

The small-scale industry representatives, however, successfully mobilised political support and government shied away from doing away with small-scale reservation. The consequence, not well appreciated, was that the smarter, successful small industries were often not free to modernise; getting state-of-the-art technology and equipment would have entailed crossing the small-scale threshold which was not permissible. For the same reason, the setting up of new units with appropriate technology was also usually not possible.

Once the market was opened up to imports and tariffs came down, there was no way the middle-class Indian consumer was going to buy an inferior product. The impact was devastating. To illustrate, the share of the Indian toy industry in the domestic market came down to as low as 20%. Toys are a classic labour-intensive industry and India should, like [China](#), have been a global supplier today. Similar stories were repeated across a range of items where 'Made in India' began to disappear from the domestic market. One can easily assess the number of jobs that would have been created but were not.

Ideally, small-scale reservation should have ended simultaneously with trade liberalisation, if not earlier. Alas, the reservation list still survives, though the number is now down from over 800 to about 20 items. While the legal barrier to growth has gone with de-reservation, the incentives are still not positively aligned. If a unit is small, it is exempt from excise duty. It, therefore, escapes the oversight of the excise department and the associated transaction costs. Similarly, if a unit employs less than 20

persons, it is free from the requirements of compliance with labour welfare legislation. If it grows, it needs to comply and this has both real as well as transaction costs. These factors act as disincentives.

The regulatory burden and transaction costs on [SMEs](#) is best captured by the phrase 'Inspector Raj' which has been in vogue for quite some time. The traditional approach of seeing only industry positively and not seeing trade, services and construction as overlapping contiguous engines of growth and employment generation has also not been helpful. Many interesting approaches to ease the regulatory burden have been attempted in different states from time to time. E-governance, self-certification and accredited third-party certification would all help. However, a large number of formulations in the laws, rules and regulations belong to an earlier era and need to be modernised.

Impractical land use and zoning requirements are a barrier to the easy entry and rapid growth of SMEs. Historically, cities have evolved practising mixed land use with the same building often providing space for sales, production and living. [Delhi](#), which grew from being a small town due to the influx of Partition's migrants, showed what small enterprises could achieve with the liberal land allotment and land use policies of the then ministry of rehabilitation. Subsequently, the triumph of the theoretical straitjacket of the Master Plan has made so much of the productive economic activity of the capital city illegal. This is the case now with most cities. The market structure has got locked into a stable equilibrium of restricting supply, pushing prices higher and increasing levels of rent-seeking behaviour by the authorities.

Liberalisation and reforms aimed at removing the supply side constraints of the land and property markets need urgent attention and a pragmatic approach. The practical needs of small entrepreneurs should be the focus of our policy discussion and analysis for the next phase of economic reforms. The SMEs are the real engines of inclusive growth. The real losers here are the poor whom the small entrepreneurs would employ if

they grew as fast as they could.

The writer is former secretary of industries .

TELEGRAPH 19.7.11 ECONOMIC DEVELOPMENT

NO LONGER A PICNIC

- In developing countries, the food crisis is most important

Bhaskar Dutta

Any mention of a global crisis today almost invariably seems to imply the continuing financial crisis in everyone's mind. This is not completely surprising since newspapers are full of accounts of the turmoil in Greece and its implications for the stability of the entire euro zone. Unfortunately, this is not the only crisis confronting the world economy. Various international agencies, such as the World Bank, the United Nations and Oxfam, have been issuing warnings about the possibility of a global food crisis. During the last year, food prices have shot through the roof across the world, with the average global price of cereals today being more than three times what it was less than a decade ago. What is worse is that unless there are major structural changes in the world food economy, prices will keep on rising. With large numbers of hungry and malnourished people, developing countries like India are ill-equipped to deal with such a food crisis. It is no exaggeration to state that the developing countries have more to fear from the food crisis than from the euro zone crisis.

The future scenario looks particularly bleak because there seem to be no easy solutions to the crisis. A variety of factors is responsible for the food crisis and none of them can be tackled or controlled effortlessly. For instance, much of the sharp spike in prices during the last year is owing to inclement weather. The severe drought in Russia almost wiped out its wheat crop last year. In response, the Russian government banned wheat exports. The ban continues till now, causing a severe drop in

world wheat supply. Very dry weather in Europe this year and recent floods in the United States of America have resulted in a further depletion of world food supplies. Weather has also played an additional role in the food crisis — a recent study claims that global warming during the last three decades has had an adverse effect on food productivity.

While nothing much can be done about the vagaries of the weather, at least two other contributory factors come from deliberate actions undertaken by men. First, the mismatch between world demand and supply has been aggravated by speculative activities. Recent data show that there has been a sharp increase in the amount of speculative money that has been invested in basic foodstuff (and other commodities) through exchange-traded funds. This has greatly aggravated the fundamental shortage in food supply and increased price volatility. Moreover, the insatiable appetite for fuels has resulted in a substantial diversion of food crops to the production of biofuels — around 40 per cent of the US corn crop is estimated to end up in petrol tanks.

The food crisis has now attracted the attention of world politicians, and is being discussed in several international forums. The latest of these was the meeting of the G20 countries in late June. Unfortunately, the recognition that a problem exists is very far from finding and implementing a solution to the problem. This is particularly true when conflicting interests are involved. For instance, it is unrealistic to expect the fuel-hungry US to agree to any laws restricting the diversion of food crops to biofuel production. Nor will the major grain-producing countries agree to contribute to international grain reserves when there is an overall shortage of food stocks until the time when global supplies exceed demand. So, it is not surprising that the G20 leaders departed without agreeing to any concrete plans for action.

So, it is the task of individual countries to evolve strategies that will at least ensure that the poor are protected from sharp increases in prices of

food items. For reasons outlined above, it is unlikely that governments can do much to control market prices — these are bound to creep up. This is the background against which we need to evaluate a right to food act which is likely to be brought before the Lok Sabha soon.

The National Advisory Council has taken the initiative in drafting appropriate legislation that will ensure that a substantial fraction of the population is legally entitled to food at subsidized prices. Unfortunately, the act has been mired in some controversy with an expert committee and various others objecting to crucial elements of the NAC draft. The NAC draft proposes a partition of the population into three groups — priority, general and excluded categories. The former, consisting of the households which are essentially the ‘below poverty line’ group, is to be given relatively high quotas of foodgrains at the very low ‘Antyodaya prices’. The general category is awarded a lower quota at somewhat higher prices, while the third category is excluded from any protection under the NAC draft. More importantly, the public distribution system is the sole channel through which the subsidized food is to be delivered to the target groups.

The goal of food security for the poor, as envisioned in the NAC draft, is vitally important. However, it does not make sense to pass a piece of legislation that is virtually impossible to implement. Unfortunately, our past experience suggests that the NAC’s proposals are simply not practical. The most serious problem is that it is virtually impossible to identify BPL households. For instance, a very large fraction of the population (as high as 50 per cent in 2004-05) which should belong to the BPL category according to the government’s own specifications did not possess BPL cards, and hence could not avail themselves of subsidized food under the PDS. There is no reason to believe that the exclusion errors will be minimized once the act is passed. Another issue is that the PDS has proved to be an extremely expensive means of delivering food subsidies because huge quantities of food are diverted away to the open market.

What are the solutions to these problems? The first can be easily solved by enlarging the coverage of the 'non-excludable' group to include the entire population except for a small minority that can be easily identified as being relatively well-off. For instance, all income tax payers, individuals owning cars, or property above a certain value, do not really deserve any food subsidy and can be safely assigned to the excludable group. Of course, the wider coverage will increase the cost of the scheme. Virtually the entire increase in cost can be recovered if the government gets rid of the PDS. A significantly more efficient means of providing food subsidies is to issue smart cards to the target group. Anyone possessing such a smart card would then be entitled to buy the specified quota at the subsidized price at any shop selling foodgrains. Such schemes have been tried out in some states with a lot of success. There is no reason why it cannot be duplicated all over India.

The author is professor of economics, University of Warwick

POLITICS AND GOVERNMENT

Cabinet reshuffle

S. Raghunath

PRIME Minister Dr Manmohan Singh has set a record of sorts by reshuffling his Cabinet for the fourth time in less than a year and watching on the TV the mass swearing-in of the new ministers and people aimlessly wandering around in the Asoka Hall of Rashtrapati Bhavan. I wondered if the “dramatis personae” involved in the high political soap opera really knew what it was all about.

“Congratulations, Mr Pawan Kumar Bansal. You’ve just been elevated to Cabinet rank and made Minister for Family Planning with independent charge of vasectomy, tubectomy, Mala-D oral pills and Nirodh condoms, excluding the rhythm method and chastity belts.”

Really? But I thought I had just taken the oath of office and secrecy as the Deputy Minister for Dairy Development with independent charge of two of the cows’ udders, the other two udders going to Mr Virbhadra Singh. The PM had also assured me that I would get the Animal Husbandry portfolio, excluding Sahiwal cows and Murrah buffaloes.”

“No, no, you’re confusing your portfolio with that of Mr Gotawat. Congratulations, Mr Harish Rawat. You’re the new Minister for Bridges, excluding piers and supporting girders. You’ve also been given the additional charge of yoga and yajna and pooja supplies, excluding incense sticks, camphor and tulsi leaves.”

“But I thought I had been allotted the Excise portfolio minus country liquor, arrack and moonshine whisky.”

“No, the PM is retaining the Excise portfolio for the present. Congratulations, Mr Arun Yadav. You’re the new entrant into the Cabinet with responsibility for Post-Doctoral Research, LKG and UKG, excluding pre-nurseries and playhomes.”

“Congratulations, Mr Dinesh Patel. You’re now the Deputy Minister for Forests, excluding trees and tree guards, with additional charge of white tigers and Asiatic elephants.”

“No, that can’t be so. I’ve just taken the oath of office as Parliamentary Secretary for roads, excluding asphaltting with additional charge of urban transport minus buses, trucks, and horse-drawn tongas.”

“Hello, there Ms Renuka Chaudhury. You’ve been allotted the new portfolio of Women’s Development and Men’s Underdevelopment and Downfall.”

“But the Prime Minister had given an assurance that he would give me the Inland Fisheries portfolio, excluding fishing nets and live baits.”

“No, no, that portfolio has gone to Mr Subodh Kant.”

“Ah, there’s the PM himself. Sir, will you be personally retaining any more portfolios till the next round of Cabinet reshuffle an hour from now?”

“Yes, I’ll be retaining with myself the Department of Confusions with additional charge of confounding them.”

IMMATURE YOUNG INDIAN MINISTERS

New-age leaders

Rajdeep Sardesai

The Average age of the cabinet ministers after the reshuffle is 65 years while 60 is the average of UPA-II's council of ministers.

If politics were to mirror celluloid, then clearly our netas seem out of step. A fortnight ago, two Hindi films were released: 'Buddha Hoga Tera Baap' and 'Delhi Belly'. The first had the legendary Amitabh Bachchan trying to recreate the magic of the 1970s, the second was a multiplex movie with young actors designed for the MTV generation.

Trade figures suggest that 'Delhi Belly' in its first week grossed twice as much as the Amitabh starrer. The main reason seems to be the demographic dividend: for a country where 60 per cent of the population was born after the original Amitabh hit 'Zanjeer', 'Delhi Belly' with its irreverent, almost blasphemous humour, has struck a chord with young India. Crude and crass it may be, but D K Bose is clearly the flavour of the season.

By contrast, the cabinet reshuffle (or political kho-kho as suggested by former Maharashtra chief minister Vilasrao Deshmukh) which took place this week appeared to embody an older India. The average age of the cabinet ministers after the reshuffle is 65 years while 60 is the average of UPA-II's council of ministers. While 14 cabinet ministers, including the prime minister, are in their 70s, just one -- Kumari Selja -- is in her 40s. A majority were born before India got independence in

1947. The average age of the ministers of state -- normally considered a nursery for 'young' politicians -- is a rather 'seniorish' 54 years.

Of the three ministers of state under 35, all of them -- Sachin Pilot, Agatha Sangma and Milind Deora -- are the dutiful children of influential politicians. It would be fair to assume that had they not been blessed with a political surname, their chances of being made ministers would be dim. In any case, being a minister of state in an elephantine cabinet is more ceremonial than substantive. All this in an era where a 45-year-old David Cameron is shaping the face of Britain, while a 50-year-old Barack Obama is poised for re-election in the US.

The easy option would be to blame the ancien regime in Indian politics for the predicament. After all, it is the old guard in politics that zealously guards the principle of seniority, partly because of tradition, but also at times out of necessity. The value of grey hair cannot be devalued in government: politics is not a game of cricket where matches can be won and lost by young legs.

Wisdom is a rare quality that can only be enhanced with the passage of time. Mastering the working of government requires administrative experience that can't be learnt in B school alone. Give me a 76-year-old tried and tested Pranab Mukherjee as finance minister any day compared to a foreign educated 40 something politician who may have the right vocabulary but can't deal with the complexity of governance.

Fresh ideas

Unfortunately, the so-called 'young guns' of Indian politics have done themselves few favours by remaining prisoners of their lineage but offering little else by way of fresh ideas. A number of them are democratic dynasts, sons and daughters of politicians who see electoral politics as an extension of their family fiefdom. Blessed with an exaggerated sense of entitlement, we rarely see them speak out in parliament, take up socially relevant issues or give us a sense of what

they stand for.

If our young MPs claim to represent young India, then why don't we see them take up issues that directly impinge on generation next: jobs, education, corruption, environment, morality, AIDS, even gay rights. When the Article 377 judgment was delivered in the Delhi High Court, we didn't hear a squeak from our younger MPs, almost suggesting an inner social conservatism that didn't quite match their outward 'liberal' appearance.

When the Lok Pal anti-corruption campaign gathered momentum this summer, we again didn't hear from our young MPs, reinforcing a reluctance to publicly commit to a clearcut stand on a contentious issue. It wasn't always like this. The Nav Nirman agitation in the 1970s that eventually sparked off the anti-Emergency movement began on university campuses. Student activists then were unafraid in taking on the establishment and raising the concerns of the young. Many of them went to jail fighting state power.

Today, the youth outfits of political parties are like glorified event managers: the BJP Yuva Morcha organised a high-profile Tiranga Yatra that had little to do with youth concerns while the Congress's NSUI seems happy enough to parade Rahul Gandhi at well-choreographed interactions in college auditoria. Where is the cut and thrust of new ideas that should shape the minds of a new India?

But all hope is not lost. At a recent Young Indian leaders' conclave, the Congress's 40-year-old minister, Jyotiraditya Scindia, delivered an impressive speech on the need for preserving the idealism of the youth. At the same function, one met some remarkable young men and women who have become true change agents.

Take 32-year-old E Sarathbabu from Chennai. Growing up in a slum colony, he worked his way to IIM and then started a successful idli

business that today employs several hundred people. He contested the Tamil Nadu elections, lost, but intends to fight again. The day the Sarathbabus are able to break open a closed and ageing political system, India will be a better place.

Post-script: Rahul Gandhi still stays away from joining the government. We are told that he feels he is not ready yet. When a youth icon doesn't want to take up a ministerial responsibility at the age of 41, is it any surprise that we have one of the oldest cabinets in the world?

POVERTY

TRIBUNE 20.7.11 POVERTY

**Well-being of the poor
NHRC review may reveal real position**

TROUBLES seem to be never-ending for the UPA government. After the widespread condemnation of the numerous scams and scandals that broke out in its regime, it is the plight of its flagship programmes like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the National Rural Health Mission (NRHM) and the Integrated Child Development Services (ICDS) which is under a scanner. The National Human Rights Commission (NHRC) will review the progress of these programmes started for the well-being of the poor and report to the UN Human Rights Commission next year. This commentary on the status of the programmes will coincide with the Universal Periodic Review of India in 2012. If the report is as negative as the recent mid-term review of the 11th Plan, which had found that the government had failed to meet several targets that it had announced at the start of the Plan in 2007, there will be a lot of red faces in the government.

The chances of that happening are quite high. Whether it is improving the dismal sex ratio or reducing infant mortality rate, the country has performed poorly. In immunisation, India's record is worse than even that of Bangladesh and Pakistan, which ironically use Indian vaccines. NHRC officials have revealed that there is growing evidence of diversion of funds meant for these schemes. They will try to find out how much money has gone down the drain without achieving any goal at all.

While such an independent audit is welcome, it is imperative that it does not become a blame game. Many practical difficulties come in the way of implementing such ambitious schemes in a country as large as India. All imponderables should be duly factored in. Plus, there is also a question mark over the capability of the NHRC to carry out such an exercise. If it tries to over-reach, it may fail to separate grain from the chaff.

RURAL DEVELOPMENT

Wages of a quick fix

Ila Patnaik

The agriculture ministry has asked for NREGA to be suspended during peak farming seasons of sowing, transplantation and harvesting. NREGA has raised the cost of farming, by pushing up labour costs by as much as 40 per cent. This is particularly problematic in states like Punjab and Haryana where farmers depend on migrant labourers from poorer states in peak time.

It is, of course, difficult for the government to meet the ministry's request as the act entitles people to employment under NREGA irrespective of the season in which they demand work. But the agriculture ministry's request raises some fundamental questions about the design of NREGA. The public discussion about NREGA emphasises implementation problems such as leakages and the lack of social audits. However, NREGA also suffers from deeper design problems, where the solution cannot be found in better implementation.

The act entitles people working under this scheme to 100 days of wages at the minimum wage rate fixed by the state government for agricultural labourers or a wage notified by the Central government. If employment is not provided under NREGA to a worker who has applied for work, the state government has to pay an unemployment allowance. This design does not take into account the nature of India's unemployment problem.

Further, it is likely to make unemployment persistent and keep productivity growth weak.

Unemployment in India can be described as mainly structural and seasonal. Structural unemployment occurs, usually as a long-run phenomenon, when there is a mismatch between the demand for labour and the skills and location of the workers looking for employment. This has been the biggest source of unemployment in India. Structural unemployment is normally seen as permanent unemployment and can be solved only in the long run. On the demand side, an increase in demand for labour arising from growth of industry and services and capital accumulation reduces structural unemployment. On the supply side, better skills and greater mobility of labour address the problem.

Seasonal unemployment is seen when the demand for labour varies during the year, as in farming. Since nearly 60 per cent of Indians live in rural India, and the nature of work here is often linked to agriculture, these opportunities tend to be seasonal. Hence, in rural India, there is an important problem of seasonal unemployment.

Cyclical unemployment arises when employment grows or declines with the business cycle. Since India did not have economy-wide business cycles, in the pre-liberalisation era, cyclical unemployment was not significant. Even after the nineties, when business cycles have become a regular feature of the Indian economy, cyclical unemployment is primarily seen in urban India where industry and services see low growth.

Structural unemployment in rural India has been a source of concern for the country. In the pre-NREGA era, the solution for underemployment and unemployment was understood to be a transformation of the Indian economy with growth of industry and services. Migration, improving human skills through education and greater participation in the labour

force were viewed as the key ways in which employment in India would grow.

Earlier employment programmes in India, such as in Rajasthan which has seen frequent droughts, were mainly public work programmes intended to give employment to people during periods of drought and famine. When conditions in the labour market changed as the drought ended, the programmes ended. While NREGA was designed along the lines of such public work programmes, it introduced a big conceptual shift. It was made a regular feature of labour market regardless of conditions in the labour market.

Under the Employment Guarantee Act the government is required to pay a statutory minimum wage for each state. This wage is often above the market clearing wage in the state.

Prior to NREGA, the minimum wage in many states was often actually higher than the market wage. The market clearing wage was the one at which labourer was willing to work and employers were willing to hire labourers. The enforcement of minimum wages was often weak and a feature of unionised labour. The informal sector and non-unionised labour market would often clear at wages that were below those set as the officially designated minimum wages. In that world, while the minimum wage was not a strong feature of Indian labour market regulation, it did not do damage. Workers accepted market wages below minimum wages when they could not do better.

With the launch of NREGA, work was made available at above market prices to many individuals who should have been engaged in improving skills and/or migrating. By paying for digging earth, NREGA took away the incentive for taking the risk of looking for work in the nearest city or in faraway states. It took away the incentive for gaining knowledge about work and the human networks required to find jobs.

Recent newspaper headlines have emphasised the design flaw in NREGA, that it contaminates the ordinary functioning of the labour market in peak season. But equally important, NREGA has the potential of making India's structural unemployment problem a persistent one by taking away the incentive to improve skills and to migrate. In the long run no country has been able to become advanced without large-scale skills upgrade, migration and urbanisation. Problems related to urbanisation have to be faced and solved.

The lack of migration will have consequences for urban India as well. Labour shortages in low-skilled urban jobs are likely to push employers into more capital-intensive production technologies. On the other hand, a large mass of low-skilled labour will be trapped in a state of dependence on the government and politicians.

Instead of reforming labour laws and improving infrastructure, which could provide higher employment growth, the government enacted NREGA as a quick-fix solution and a vote getter. But NREGA will not solve the problem of unemployment in India: instead it is likely to create poverty traps containing millions of people who are cutoff from modern India.

The writer is a professor at the National Institute of Public Finance and Policy, Delhi; express@expressindia.com

SOCIAL JUSTICE

What's the big deal?

A few Dalit millionaires don't reflect true community status

Chandrabhan Prasad

The census in the country puts the figure of Dalit population at over 166 million. Of these, there are more than a 1,000 who are millionaires and the number is increasing each day. While many believe that this is a landmark, there are a few who want to know what's the big deal if a 1,000 Dalits have become millionaires or even billionaires? Ironically, it is the Left which is questioning the Dalit rise.

Though it is true that from a figure of over 166 million, a 1,000 joining the list of the rich doesn't really reflect the true picture of the community. But then do people like Bill Gates and Mukesh Ambani give the true picture of the society? Let us examine Dalits' circumstances in comparison to people across the globe.

Bob Johnson became the first African-American billionaire in 2003. With *Forbes* mentioning his name, Johnson became news. Featured prominently by the US media, Johnson was invited to share his story across the country. He was seen as a motivator. Oprah Winfrey, the first and only female Black woman, joined the list of billionaires a few years later. But for her billion-plus fortune, she would have not become a household name across continents.

From a population of 40 million Black Americans, one Johnson was able to bring about a small change. But did he or Oprah manage to change the

lives of all the Blacks living in the US? Was Gates able to bring about a change in lives of all Americans? Was Dhirubhai Ambani able to bring about a change in the lifestyle of all Indian? No, yet, these people have been able to make a difference in the lives of a few who remember them. So why can't we extend the same status to a Dalit millionaire?

When *Forbes* listed Dhirubhai's name a decade-and-a-half ago, he became a household name in India. So did R Narayana Murthy and Nandan Nilekani.

If Johnson and Oprah are seen as role models for the Blacks in the US, if Gates is seen as a role model globally, if Dhirubhai, Murthy and Nilekani are role models for the middle class Indian, is it not time that Dalits have their own role models?

India suffers from a socio-psychological dilemma. Fortunately, Dalits have escaped that mind disorder. An average Dalit takes pride that some of them have joined ranks of multi-millionaires. For an average caste Hindu, Dalits are synonymous with being victims of all kinds of atrocities, rape, hunger, deprivation and segregation. This stereotype prevents even a Dalit well-wisher from accepting them as millionaires.

Though this is bound to happen. This is because a majority of Dalits are still trapped in caste grip. However, the good part is that there are signs that this grip is loosing its ground.

But this article is not about a few hundred Dalit capitalists making money or making a slight change in the economic quotient. It is about the society and its caste structure as a whole.

A few hundred Dalits turning into employers of non-Dalits is like striking at the core of Manu *dharm*. For them Dalits should always remain seekers and not givers. When Dalit capitalists write cheques (salaries) to non-Dalit employees which can include Brahmins, Thakurs,

Jats, Marathas, Kammas, Reddys, Vokkaligas, Lingayats, Patels, Vanniars to name a few, they are in one way writing an arrest warrant for the caste order.

Do all Europeans and Americans drive Mercedes and BMWs? Do all Blacks drive Mercedes and BMWs? Do all Indians go ga-ga when they drive their swanky cars? But if a dozen Dalits drive Mercedes or a BMW, they not just driving a car; they are in fact driving Manu *dharm* caste order into ignominy.

The Dalits are not programmed to fight poverty or hunger within their community. They are programmed to fight Manu *dharm*. Paradoxically, Dalit job givers did not know that they were also fighting Manu *dharm* — they just knew they were fighting. So far, they have not had any support from within the community.

An unavoidable trajectory though, Dalit intellectuals also happen to be employees — teaching in schools, college and universities, working for Railways, Postal Services and many other Government jobs. They also work in public sectors. Unfortunately, the *babus* can't think like employers.

The Dalit businessmen didn't seek States' protection, intellectual support, or any benefits. They reached the top in their respective field with individual effort, without any support from the State or Central Government. While some are at the top of their career, others are on their way to make a name.

In the next few years, the way Johnson and Oprah inspired a whole generation of Black youth to turn entrepreneurs, Dalit capitalists will play a role model to a new generation of Dalits. The way Gates, Murthy, Nilekani and Dhirubhai — all first time entrepreneurs with humble backgrounds, inspired many Indians to turn entrepreneurs, Dalit

capitalists, too, have a similar message for its community — yes you, too, can do.