Mind Matters
A punctilious examination of the Indian policy environment highlights that it is illustrated not...

Health on the Pill
Extensive macro economic literature points that there is a strong positive association between health...

Tracking the Poor’s Spoor
Recent times have seen the economy booming and GDP growth rates have been among the best in the world...

Labour lost unloved
India is presumed to be looking at and leveraging the 'demographic dividend', that has been bandied...
A vision for India

A Society where man is at the centre of all activities, a society where exploitation of man by man has been abolished, where he is cared for as an in a a family, where "to each according to his need" is practised, a society where non-bureaucratic National Economic Planning is given due importance for sustainable optimum growth, where adequate social safety net is a reality and yet market’s advantages are fully taken care of for creativity and entrepreneurship, such a society can be truly described as humane society and the vision as “Humanism.”

Dr. M K Chaudhuri
The Great Indian Dream, 2003, Macmillan India, New Delhi

“Let us together dream of a country where poor are not just merely reduced to statistics but where there are no poor. Let there be a day when small children are taken to a poverty museum like science museum where they shiver at the plight of the way people used to live in the last millennium. Let this dream take the form of a revolution and as long as our dreams keep outweighing our memories, India would remain a young and dynamic nation on this path to global equality. And for this let the wait not be for eternity. Let us together achieve this in the next 25 years.”

Prof. Arindam Chaudhuri
The Great Indian Dream, 2003, Macmillan India, New Delhi
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Principal Offices
IIPM Tower - II, C-10, Qutab Institutional Area new Delhi - 110016
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Or alternatively please call Neha Malhotra at 9818825794

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Who we are?
The IIPM Think Tank, an independent, India-centric research body, is inspired by Dr. M.K. Chaudhuri’s vision of India as an economic powerhouse in the 21st century; a modern nation state where poverty becomes history and the underprivileged are not consigned to the dustbin of amnesia. The national presence (across 7 nodes, New Delhi, Mumbai, Chennai, Pune, Bangalure, Hyderabad, & Ahmedabad) makes our understanding of the economy superior, where in many research fellows and scholars, embark on research assignments and network with global intelligentsia.

What we believe?
The IIPM Think Tank is wholly free of ideology and looks at the Indian developmental paradigms, purely modelled upon the basis of ‘objective reality’ by opting for prescriptive economics. We start with real-life problems, lay down solutions and examine them in real-life context (through G.I.D Foundation) and observe what we learn about people and other variables in the systems in India as we opine that there is much more to boundary between the humanity and the world of ideas. We passionately believe in the credo that we constantly seek to follow: rethink, edify and delineate. This enduring commitment has helped us foster and broaden the parameters of public policy debate and alternatives. Toward that goal, it strives to achieve greater involvement of the intelligent, concerned change agents (reform minded politicians, public servants, socially responsible firms and citizens) in questions of policy and the ideation. Furthermore, we ardently believe that the managers of tomorrow that are being groomed at IIPM today will play a decisive role in India’s renewed tryst with destiny.

What we do?
As a premier ‘ideas organisation’, The IIPM Think Tank is committed to enhance public awareness of policy issues in economics and management and to engineer solutions that will fulfill the Great Indian Dream. By publishing the findings of its research, and through the active participation of its senior researchers in the media and policy, it aims to bring new knowledge to the attention of policy makers. Every year, The IIPM Think Tank commissions and publishes socio-economic three quarterly reviews and an annual review, on a wide range of policy issues including education, health, poverty, unemployment, agriculture, industry, services, FDI, external trade, infrastructure and environment. All these outputs meet the highest standards of scholarship, are accessible to a broad readership, and explore policy alternatives consistent with the philosophy of ours. The central theme of our issues are devoted to assess where the critical predicaments are, analysing what needs to be done to annul the element of development deterrents in the economy and offer concrete proposals on how to accelerate welfare everywhere towards achieving inclusive development. The India Economy Review is a small manifestation of that vision. More than 3,000 students (7 nodes of IIPM) have—-and continue to—spend endless hours conducting primary and secondary research on strategic issues that confront India. This research is then analysed by many scholars across the 7 campuses. Brand new insights and policy recommendations that are provided by this core team are then crafted, honed and polished by member Economics Research Group (ERG). This massive effort is spearheaded and led by the renowned economist and management guru, Prof. Arindam Chaudhuri. We trust that the untiring efforts of The IIPM Think Tank are a modest, yet significant contribution to the policy reinvention that is poised to transform India.
Since its incorporation (1973), IIPM has been an institution with privileged traditions, in the
diversity of its fraternity, its global outlook, its world class research and its commitment to alternative
national economic planning process.

It can be said, without much oversimplification that there are no ‘underdeveloped economies’. There are only ‘under managed’ countries. Japan 140 years was ago was an underdeveloped
country by every material measurement. But it very quickly produced management of great
competence, indeed of excellence. The policy inference is that ‘management’ is the prime mover
and ‘development’ is the consequence. At IIPM, every one considers that development is a matter
of human energies rather than economic wealth. And the generation and direction of these human
energies is the task of ‘management’. Accordingly, we formed The Great Indian Dream. Unlike
any other dream, this is one dream which each one of us are determined to realise and that too in
our own lifetimes. Each bit of cynicism and condemnation from pessimists makes us evolve even
stronger and determined.

All our endeavours and initiative is towards realisation of this dream, where in we produce
committed ‘bare foot’ managers and entrepreneurs who are needed by nation, on an insistent
basis. As an educational institute, we aim at initializing a three dimensional personality in IIPMites,
viz.

- Pursuit of knowledge in economics and management
- Commitment to economic, social, political and technological upliftment of masses and
- Cultivation of taste for literature, fine arts and etc.

Economists often have limited access to the practical problems facing senior managers, while
senior managers often lack the time and motivation to look beyond their own industry to the
larger issues of the global economy. It has set before it the twin tasks: to reorient education and
research towards the needs of both the private and public sectors and to establish the link between
the National Economic Planning and the development of private enterprises in Indian economy.
IIPM dares to look beyond, and understands that what we teach today, other adopt tomorrow.
IIPM’s service output (education, research and consulting,) is a unique combination of two distinct
disciplines: economics and management. Through this integration, IIPM helps guide business and
policy leaders in shaping the Indian and global economy, bringing together the practical insights
of industry with broader national and global perspectives.

A hallmark of IIPM is that it is armed with the comparative advantage of engaging the
committed, passionate and brightest management post graduates and undergraduates, who
pursued the education at IIPM and subsequently joined it, to realise the dream. IIPM alumni, spread
across the globe, holding crucial decision-making positions in the corporate sector, are bonded by
the one ideology of making a positive difference, turning that ideology into a movement itself.

The India Economy Review is another humble initiative towards the realisation of the same and
more distinctly, engaging the broader publics and pertinent stakeholders.
Praise for IER

“Praise invariably implies to a high standard”
Aristotle

“......It is a very informative document ...”
Mr. V.L. Chopra, Member, Planning Commission, New Delhi

“Most credible and valuable resource book....”
M.S.Swaminathan, M.S.Swaminathan Research Foundation, Chennai

“I am happy that the think tank at IIPM has been doing excellent work on various strategic sectors and issues of importance to Indian Economy... “The IER 2003-2004”, which is a IIPM Think Tank presentation is extremely fascinating and value adding...”
Dr. P.L. Sanjeev Reddy, Former Secretary to Govt. of India, Director, Indian Institute of Public Administration, New Delhi

“......I have gone through it and it is really a professional exercise to help everyone. What impressed me the most is its analytical approach used for articulating the figures, which otherwise are lifeless entities...”
Dr. Mruthyunjaya, Director, NCAEPFR, New Delhi

“......the contents are extremely relevant and thought provoking....”
Dr. Charan Wadhwa, Centre for Policy Research, New Delhi

“......It highlights the wealth of intellectual synthesis of agrarian economy available to us for re-energising the thought process endeavoured at your end......I hope that the platform of further synthesis of many such issues provided by IER will be serving great interest of agriculture sector.”
Dr. Rajiv Mehta, Member Secretary, Commission for Agricultural Costs & Prices, MoA, New Delhi

“.In my opinion, it has fulfilled its objective in presenting a comprehensive, up-to-date and clear exposition of the issues and concerns that are essential for understanding, evaluating and suggesting solutions to the important national economic problems.”
U.K.S. Chauhan, Director, Department of Agriculture and Cooperation, MoA, New Delhi

“......I laud your info base and analytical prowess, particularly your solutions vis-a-vis international experience....You may like to examine further from your side the aspects of futures trading in the perspective of the Indian farming community given your extant knowledge base in agriculture.”
Suvendu Ganguly, Deputy Director, Forward Markets Commission, Kolkata
Praise for IER

“…I thoroughly enjoyed going through your recent IER…it is undoubtedly a mammoth task of pulling together divergent perspectives on the critical issues of the nation…..”

Dr. Parth J Shah, Centre for Civil Society, New Delhi

“The IER, a thematic compilation of economic thoughts, ideas, questions, answers and solutions…..promises to usher in a potentially better, if not necessarily newer, dawn of economic policies that radiates the power to dispel the current darkness of socio-economic and socio political confusion… the review exudes ‘qualified optimism’ about country’s prospects”

S.R.Kasbekar, Senior Editor, The Financial Express, Mumbai

“I have to say that the magazines, Business & Economy and The Indian Economic Review, 2005 Vol. III, are very impressive and the material is very good. I send all of you involved with it, my heartiest congratulations and wish you all the best.”

The Lord Paul, The Rt. Hon. Lord Paul of Marylebone

“I liked the review… It is ‘stimulating’ reading which forces the reader to think about the issue…”

A. K. Singh, Giri Institute of Development Studies, Lucknow

“Undoubtedly, it is of exceptional quality and amongst the best that I have seen in my interaction with similar organisations in different countries. I merely wanted to write to you and congratulate you and your institution on an extremely well researched and presented endeavour... I have taken the liberty of putting the copies that I had got along in the WTO library.”

Shishir Priyadarshi, Development Division, WTO, Geneva

“…I found it very useful material, which has dealt with the vital issues that we are facing in the field of education, health, poverty and employment. I would like to compliment all the authors as well as the editorial team for bringing out such a valuable publication.”

Arun Nigavekar, Chairman, UGC, New Delhi

“If the purpose of a Think Tank is not merely to think issues through but also to ignite thinking among the readers, I think you have succeeded very well indeed.”

R. Badrinath, Director, Division of Trade Support Services, International Trade Centre, Geneva

“Modern India certainly needs more Think Tanks like yours… unlike most academic journals, yours is well-designed, readable and also conveys a sense of aesthetics and humour through the illustrations… It well reflects the high standards of the IIPM.”

Brij Khindaria, President, Diplomatic forum for Business, Geneva.
co-management of economic & social imperatives

Dear reader,

In India, ‘economics’ is perhaps the most talked about but least comprehended concern. For many a ‘no-nonsense men of action’, present-day Indian economic literature (social sciences) is an unworkable tease: what it clarifies do not ultimately matter; and what really matters, it does little to clarify. Much has been written and said over, a little valid and a lot specious. Such is the enormity and awesome macro-diversity of ongoing economic research that even those few who do bone up recurrently on their pink papers and journals have to do enormous amounts of reading simply to stay in the same place and make meaningful suppositions. Also, at the same time, whether ‘economics’ as a discipline may (may not) have found a cure for most evils; it has undeniably originated no antidote for the worst of them all -- the phlegmatic responses of the governing class. Read between the lines of any government intervention and a distinctive depiction emerges — one of heedless and callous short-sightedness for the poor and a want to help narrow interests.

The IIPM Think Tank believes that the capitalist media has set aside modest space for information upon social services and pro-poor analyses on citizen’s struggles. The very fact that in India, public policy, political discourse and governance are largely divorced from social services, has bothered and motivated us to throw up some specific and compelling recommendations for the way forward.

The strategic intent of this issue, included among others, a critical appraisal of the present Indian social infrastructure and putting forward ways and means of further reinforcing it with the identifiable objective of improving access to a minimum set of essential social interventions. Scattered through this edition you will find germane content on issues ranging from education, health, poverty and unemployment, in which we tried to exemplify the connection between socio-economic conditions. It analyses the intellectual efforts and policy concerns that evolved in the past, its successes and failures, also the latest thinking on various facets by distinguished experts and thought leaders on the subject. This attempt seeks to boldly address many social imperatives confronting the Indian economy such as inequitable access to basic services resulting in welfare loss of the poor, the inefficiencies in the system, resulting in waste and sub-optimal utilization of existing resources, the poor quality provisioning of all social services marked by procedural complexity, administrative apathy and etc.

It was also intended that the Economics Research Group (ERG) would look into the issue of improving the efficiency of the delivery systems and encouraging public-private partnerships in pulling off ‘inclusive developmental effects’. Hope this effort of ours creates a sense of intellectual excitement given the fact the ERG thought audaciously, truthfully and with an eye on the Indian posterity in the new world order. The bottom line of our research output and of this specific version remains very straightforward: despite the fact that an exhaustive institutional overhaul has been ideated; efficacy will remain moot, till we rationalize provision, more so in higher education and public health services. An economy ranked 126, out of 177 in HDI 2006 (UNDP) truly warrants a more coherent, consistent and synergistic tactics between all stake-holders and at all levels overall than has been the case so far. Prioritising the social needs of deprived sections in terms of legislation, policy direction, and supply of indispensable services is imperative for India as it on the inception of an underdeveloped precedent and a prospect of enormous material advancement.

We enthusiastically look forward to the prospects of considering various recommendations of this issue, for effective developmental outcomes, with the objective of familiarising and fulfilling the ‘Great Indian Dream’, envisioned by us, after contemplating about social justice in a new paradigm.

Best,

Prasoon.S.Majumdar
M.N.V.V.K. Chaitanya
search, sieve, scheme  
It is not only economists who are interested in Indian economics. The economic functioning of...

marx versus markets  
The World Bank’s World Development Report (WDR) 2006, has made a departure from traditional view of...

setting the tone...  
Acute poverty was a tad more widespread in Sub-Saharan Africa at 47 percent, relative to 37 percent in South Asia...

mind matters  
A punctilious examination of the Indian policy environment highlights that it is illustrated not only by notorious bureaucracy, corruption and ...

health on the pill  
Extensive macro economic literature points that there is a strong positive association between health and economic prosperity...

tracking the poor’s spoor  
Recent times have seen the economy booming and GDP growth rates have been among the best in the world...

labour lost unloved  
India is presumed to be looking at and leveraging the 'demographic dividend', that has been bandied around quite a bit, wherein...

bottomline  
On the eve of India’s independence, Winston Churchill’s forewarning to the British Labor read some what like developing economies, when.....
SEARCH, SIEVE, SCHEME...

“Research is formalized curiosity. It is poking and prying with a purpose.”

Zora Neale Hurston

It is not only economists who are interested in Indian economics. The economic functioning of India concerns all its constituents and a great majority of them are inquisitive about it. As is the wont of economists, they talk to each other in a speech that nobody else can figure out. Observing the same, Alfred A. Knopf, once remarked that “An economist is a man who states the obvious in terms of the incomprehensible.” Through IER, the supreme objective would be to state even the ‘incomprehensible’ concerns in terms of ‘Obvious’, wherein the job is to portray a conceptual outline and employ it to lay bare the logic/sense associated with the process of Indian socio-economic development, intelligently and without any malice.

It seems entirely acceptable to go spend life devoid of understanding the process of nuclear fusion or the atomic structure of an organic compound. It is exceedingly inconvenient, on the contrary to the words of some expert on whether India is on the correct course of socio-economic development. Additionally, there is a baffling array of opinions/judgments among the economists. Against this backdrop it possibly will be advantageous to have a simple conceptual framework that one can draw on to review the multitude of views on the patterns of Indian socio-economic developments that flock popular media and characterise the governmental plans. The orientation of this work of ERG is theoretical rather than empirical. ERG does not even attempt any all-inclusive or broad representation of the sub-issues of development. Its intention is to be contemporary, short, selective and illustrative, to proffer examples of analytical thinking on some select issues that are essentially theoretical, though not technically at a highly sophisticated/refined level. In making this review, ERG has for all intents and purposes, collated the thoughts and considerations of some of India’s foremost economist-administrators, public intellectuals, noted journalists, concerned social activists, professional economists etc. The IER is the product of a collective effort. Select students at the IIPM provided detailed inputs and assistance throughout the writing process Only the selection and organisation is ours. In each chapter, we take the reader through a brief look at how far India has progressed/regressed; identify certain principal stylized concerns, multi-disciplinary problems and solutions, subsequently. In course of which, we have endeavoured to explicate and assay clearly the logic that lead to specific conclusions/recommendations. In short, ERG has performed a workmanlike job in collating myriad experiences inside India and abroad pinpointing to the doable directions of reform in regard to the delivery of social services. Essentially and effectively, this work deals with ‘Social deficits: Progress, Prospects and Problems’. It is a constructive attempt at helping India fulfill its promises and potential.

HAPPY READING...☺☺☺
The World Bank’s World Development Report (WDR) 2006, has made a departure from traditional view of developmental economics, which believes that growth and equity are contradictory goals. The report claims that in the long run both go hand in hand and complement each other. Coming from the World Bank, this emphasis on equity — as an important instrument of growth — is rather startling. Unmindful of its purposelessness, one can remark that the Bank views do sway the thinking of policy-makers in many economies. So, it is important to follow its logic. Also, what is more noteworthy is that this logic very much fits into the ‘Survival of Weakest’, albeit in a different approach.

This paradigm was ideated and being improved by Dr. M.K Chaudhuri and me at The IIPM over the past three decades.

But let us first comprehend the connotation of ‘equity’ and the line of reasoning discussed in the report. Equity basically entails equality of opportunity, not equality of outcomes. But the WDR 2006 explanation of equity has a subsequent dimension. Even with equality of opportunity, some people would fall below a generally acknowledged poverty line owing to deficiency in efforts or old age or physical weakness or natural catastrophes or else pure unluckiness. For that reason, equity necessitates that the segments that end up at the Bottom of the Pyramid (BoP) ranking be supported by a social safety net. Now, let us come to the central idea:

How does greater inequality result in poorer long-term growth rates? The justification runs in terms of

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"If abuses are destroyed, we must destroy them. If slaves are freed, we must free them. If new truths are discovered, we must discover them. If the naked are clothed; if the hungry are fed; if justice is done; if labor is rewarded; if superstition is driven from the mind; if the defenseless are protected and if the right finally triumphs, all must be the work of people. The grand victories of the future must be won by humanity, and by humanity alone.”

-Robert Ingersoll

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This paradigm was ideated and being improved by Dr. M.K Chaudhuri and me at The IIPM over the past three decades.
market failures, especially in credit, insurance, land and human capital markets. Consider this: In a perfect capital market (although exists only in theory), even a poor person with no capital can easily access limitless funds from the market and invest. But in actuality, the poor and needy do not have access to organised finances or have access only at steep capital costs whereas the reverse is true for the rich and affluent. Lack of collaterals with the poor, high transaction costs, lack of political/social connections to arrange for a loan and etc are the causative factors. Thus, at macro-level, investment projects with higher rates of return that could have been embarked on by the poor entrepreneurs are not taken up, at the same time as those generating a lower return are carried out by the rich. The rich often do not even repay the loans to state-owned banks, as is reflected in massive Non Performing Assets (NPAs) of PSU banks. Like so capital is used un-economically and growth suffers. The poor also face similar problems in other markets (insurance, labour, land and real estate) also because they cannot have the funds to obtain private insurance nor do they possess a social safety net against variable incomes or loss of jobs. Not only is growth adversely affected, equity also suffers through this domino effect: of a poor family unit enduring poverty over generations through continuation of unequal prospects. As was well documented in India and other Latin American economies, many actual tillers do not have property rights to the land. This lessens their motivation to involve in long-term improvements concerning land productivity. Yet again, efficiency suffers due to inequities. Lack of social safety nets also makes it problematic to restructure India Inc. in sync with dynamic global market demands. Restructuring exercises result in loss of jobs in the old economy industries (say, jute) even if it results in job additions in new economy industries in service sector (‘Help or hindrance’; Alok Ray; January 16, 2006). Equally, there are many outstanding examples of ‘The Great Indian Social Failure’. Consider this: UNDP Human Development Report 2006 highlights that, the improvement in India’s human development scores during 1990-2004 at 18.6 per cent, much lower than the improvement recorded during 1975-90 the pre-reform phase, which was 25 per cent.

Economics Unusual: Survival of the Weakest!

Why is that after so many years of growth and development which has seen many market economies reach their materialistic peaks, enjoy the comforts which at one point of time would have sounded unrealistic, does this system yet not focus on the crucial aspect of the ever widening gap between man and man ie. the rich and the poor? Today when the rich already have 5 cars, can they not stop for a while till the others at least come up to a situation where they do not die of hunger, before they decide to buy their 6th car? Men are born equal. If given the same opportunities of health and education, their capacity to contribute would have become nearly equal; the only difference being in terms of IQ or combination of genes that they possess. It is the society that we have created where these opportunities are not equally distributed or guaranteed, thereby leading to a difference between man and man. Today when some of us have reached such high standards of living, it is the right time to bring in some humanitarian aspects to the society we live in. Is it not true that we try to give the maximum comforts to the individual in our family who is paralysed or has some handicap? If such a family has the budget for just one air conditioner, is it

“So long as you are ready to die for humanity, the life of your country is immortal”.

-Giuseppe Mazzini
not most likely that it would be put in the room where
the patient lies the whole day? Or is it that since the
paralysed brother can not contribute, he should not
be given food to eat or other such basic necessities? If
the former is what is most likely in a family, then what
does it point to? Survival of the fittest or Survival of
the weakest? For long, economists have been blindly
following Darwin’s theory of “Survival of the fittest”
as the maxim for the functioning of the capitalist
economy. The problem is, however, they forget that
the whole purpose of functioning of an economy is
to move towards a more civilised form of existence.
Civilisation has seen man moving out of the jungle
and reach where he is today. Sadly, however, he has
not yet been able to discard the rules of existence that
he used to follow in the jungles.

Capitalism At Cross Roads

When an economy reaches a stage where the
fittest can live well even if their standard of living does
d not grow rapidly, it is the duty of that economy to put
its resources on the weakest and their survival. In our
respective families we all believe in communism i.e.
to each according to his need but when it comes to
the nation, we want to follow just the opposite. By this
I am not insisting on all economies to turn communist
but I am expecting them to incorporate this most
human and natural rule of family existence in their
nations, while they continue to operate in a free
market. According to Peter Drucker, the Americans
today are already spends on an average 23 hours on
social work every week... let them lead the way in the
introduction of the concept of survival of the weakest
in the society. The strengthening of the weaker sections
of the society today needs not be at the cost of the
stronger. The maximum that can happen is that the
rich would grow at a slower pace and their capacity
to grow at a faster rate would be transferred to the
poor and get reflected in their future. This contribution
from the richer sections (accompanied by a resolute
reduction in personal expenses) is something that the
world would be proud of tomorrow. And finally a last
word for the big Indian industrialists who might get
worried reading all this: The success of our industries
or their respective companies does not actually
depend upon the kind of business strategies they
have, nor the latest jargons that they have adopted
from their multinational consulting firms, nor on their
exciting marketing and sales promotional schemes,
rather it depends upon how vast is the market that
the economy has been able to give them and how
much is the purchasing power of the people in the
country. Perhaps they should pay a heed to the
advice of Andrew Carnegie, the Scottish millionaire
businessman, a foremost philanthropist, and the
founder of the Carnegie Steel Company (which
later became U.S. Steel), who remarked, ‘I resolved
to stop accumulating and begin the infinitely more
serious and difficult task of wise distribution.’ In their
current rush to amass more and more wealth, the
industrialists must not overlook the daridranarayana
(downtrodden), a word coined by Swami Vivekananda,
one of the most influential world spiritual and social
leaders. Alternatively put, in my opinion, they should
practice ‘big-picture thinking’.

Spreading The Shine

With “Survival of the Weakest” as the dictum, the
people at the BoP would get more purchasing power
along with better health and education facilities
which would not only make a huge difference in the
quality of human capital in the country, but would
also satisfy the most important criteria for the growth
of the Indian industry i.e. they would become a part
of the consuming market. The market will no longer
comprise of 100 million people but of 1 billion
people, because it is ‘purchasing power’ and only
‘purchasing power of the market’ that determines

“Humanity lies in man's
capacity to question the known
and imagine the unknown”.

-Margaret Mead
the long run growth of any economy, industry and firm. No marketing strategy certainly can achieve the above market expansion. This is pure economics and no miracle. After 1991, while it is certainly true that India has recognised the efficacy of the market forces, the State stays on to remain quite big and important. What is more, the familiarity with the market have edified us an essential economic lesson — that market succeeds provided one engages it. In other words, an individual should be a manufacturer or a purchaser, a creditor or a debtor to slot into the market — to come to the point, one should be symbiotically linked to the market to profit from it. What is decisive and missing in the debate (state versus markets) in India is that almost 360 million of its inhabitants do not have the threshold financial ability or the skill to engage the market (‘Can mere outlays make a difference?’; M.R. Venkatesh; The Hindu Business Line; March 29, 2006). Acting upon the recommendations of MS Swaminathan (‘Livelihood Security Compact’) and ideas of C.K.Prahalad (‘Democratising Commerce’) companies in India Inc. can alternatively provision livelihood finance, low cost and high quality inputs,

“It is important to distinguish conceptually, the notion of poverty as capability inadequacy from that of poverty as lowness of income...low income is only ‘instrumentally significant... there are influences on capability deprivation and thus on real poverty – other than lowness of income.”

-Prof.Amartya Sen,
‘Development as Freedom’;
2000; Oxford University Press, New Delhi
low cost technologies to the rural poor. At the same time ruling establishment can increase the allocation for social sector. Indian planners need to take a leaf out of Chinese planning, wherein they have combined various economic philosophies in an appropriate and pragmatic fashion. Current statistics available from the documents of Finance Division of Ministry of Defence and Economic Survey 2005-2006 indicates that in 2004-2005, the Defence and Defence related Expenditure was about Rs. 95,922 crores and only about Rs. 13,832 was spent upon rural development. Planners have allocated a splendiferous 0.9% of India’s GDP to developing the health sector, as compared to 5 % in other economies. So, not only for the sake of humanity, but also for the sake of their own long run interests, they should structure and support policies which benefit the weaker and needy sections and contribute towards its success. Let us not be the ones feigning high principles; its high time we redefine and refine the basic rules of the ‘dog-eat-dog’ market economy instead of pretending. A singularly blind and life-negating pursuit of material wealth and the simultaneous compromise of ethics and equity is indeed very deplorable. And let us start it by espousing “Survival of Weakest” as the guiding force for the next millennium and make Indian poverty history. Or else, a singular focus on private wealth, keeping out substance and human relationships, will eventually not succeed, perhaps outstandingly. National Economic Planning (N.E.P) needs to be coalesced with actionable politics, leading to swift economic growth and deprivation eradication, all at the same time.

Prof. Arindam Chaudhuri
setting the tone
Empty Rhetoric

Acute poverty was a tad more widespread in Sub-Saharan Africa at 47 percent, relative to 37 percent (in 1999) in South Asia. But this assessment fails to reveal the actuality, for in absolute terms there is no comparison. (South Asia has twice as many people as the Sub-Saharan area). And if one were to look at select states within Indian subcontinent like BIMARU (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh) and Orissa, the figures are as good (or worst) as that in Sub-Saharan Africa. Infant mortality in Sub-Saharan Africa appears higher than in India but Orissa and Madhya Pradesh had similar infant mortality rates as Guinea and Tanzania (‘Global leadership, empty stomachs’; Abhijit Das; www.indiatogther.org; June 04, 2005). Two new born babies die every minute in India and 44 out of every 1,000 infants die within one month of their birth, according to the report prepared by National Neonatal Forum in collaboration with other entities (‘Why are the babies dying?’ The Financial Express; April 03, 2005). Taken as a whole, India accounts for a fourth of all maternal deaths in the world, even as Sub Saharan Africa accounts for roughly half. The maternal mortality ratios of Uttar Pradesh, Madhya Pradesh or Orissa are like that of Botswana, Cameroon and Malawi (‘Global leadership, empty stomachs’; www.indiatogther.org; Abhijit Das; 04 June 2005). India now contributes about 26 percent of all polio cases in the world (‘With 30 cases in one week, polio resurgence feared’; Indian Express; October 26, 2006). The refusal of as little as 200-300 calories in a child’s every day diet is what makes the variance between normal physical development

“ And do not think of the fruit of action. 
Fare forward.

O voyagers, O seamen,
You who come to the port, and you whose bodies 
Will suffer the trail and judgement of the sea 
Or whatever event, this your real destination. 
So Krishna, as when he admonished Arjuna 
On the field of battle. 

Not farewell, 
But fare forward, voyagers”

-T. S. Eliot
“When India gained independence in 1947, the country was supposed to become 100 percent literate by 1960. Forty-six years down the line, there are still one crore out-of-school children.”

-Abantika Ghosh
‘Still struggling to get basics right’; Times of India; April 19, 2006

and the foreseeable decline towards ill health and eventual mortality (‘Cradle of Hunger’; Times of India; April 19, 2006). There is more bad news about India’s children, probably India’s worst blind spot. They account for more one third of the world’s malnourished children, and the country’s rate of malnutrition is, at 47 percent, the same as Ethiopia’s (47 percent) and Bangladesh’s (48 percent) (‘India’s children: imperilled by hunger’; The Hindu; May 10, 2006). Almost 75 percent of Indian children below the age of three suffer from anaemia; 60 to 70 percent of adolescent girls are anaemic; 25,000 of the 1,32,000 deaths associated with restore your health result from anaemia (‘The burden of anaemia’; Sumita Kale; Business Standard; May 03, 2006). This humanitarian catastrophe is not just a misfortune for the children and their families, and a blatant violation of their fundamental rights, but also a national tragedy. A recently published WHO report reveals that in the Sub-Saharan Africa, AIDS treatment was being provided to 17 per cent of the people who need it. In contrast, only 7 per cent of HIV positive in India, including adults and children, received medical care (‘Lack of treatment for HIV kids causes concern’; The Hindu; April 21, 2006). India accounts for one-third of global TB and the largest number of persons suffering from active TB in the world. About 2.2 million people are added each year to the existing load of about 15 million active TB cases. Of these new cases, a most disturbing fact is that 20 percent of 15 year-olds are reportedly infected; and among women in reproductive age group, it causes more deaths than all the various causes of maternal mortality put together (‘State of Public Health’; NEP Paper Presentation; Fall Winter 2005-2007; The IIPM, New Delhi). The India Health Report, put out some hard facts: just one event of hospitalisation is sufficient to eliminate the family assets. The percentage of poor who do not opt for treatment for want of financial reasons has been rising---from 15 percent to 24 percent in urban areas in the period 1986 to 1996 (‘State of Governance’; NEP Paper Presentation; Spring Summer, 2005-2007; IIPM, New Delhi).

3D’s: Disease, Desperation, Death
R. Radhakrishna and Shovan Ray, editors of “Handbook of Poverty in India”, cite ‘two recent large-scale nation-wide surveys’. The National Family Health Survey (1998-99) had these findings: “74 per cent of children are anaemic. 36 per cent of ever-married women aged 15-49 have chronic energy deficiency. 54 per cent of women aged 15-49 in rural areas have no education, about half the pregnant women suffer from iron deficiency. 71 per cent of rural households do not have any toilet facility; 51 per cent villages do not have any drainage system either underground or open.” It is very conceivable that India, as an economy, have

“Every decent man is ashamed of the government he lives under.”

-H. L. Mencken
turned to be tactless to food and nutrition security concerns. How else does one explicate the long-term inattention to coarse cereals and pulses which are infallibly more nutritious than fine cereals? (‘The pulses predicament; The Hindu Business Line; May 25, 2006). More women die from pregnancy in India in a week than in the whole of Europe in a year (‘Eliminating World Poverty: Making Globalisation Work for Poor;’ DFID White Paper on International Development). With just a few years to go, how well, then, is India poised to accomplish the United Nation’s Millennium Development Goals (MDGs) relating to all social services? On prognosis, it is not encouraging, requiring even more concerted and intensified attempts (‘One more year of poverty begins for the ignored Indians;’ The Hindu Business Line; January 02, 2006). For sure, India is losing out on one aspect that it is not well endowed with---time.

Distorted Development

The vast ‘silent majority’ (coined by Prime Minister Manmohan Singh), throughout the country continue to suffer from abuse, disease, discrimination, exclusion, exploitation, fear, hunger, ignorance, inequality, injustice, insecurity, invisibility, malnutrition, redundancy violence and vulnerability, which is for them a way of life. Majority of them fundamentally hail from the unorganised sector. For instance, landless workers and artisans and include socially oppressed groups like dalits and adivasis, households headed by single women, disabled persons, old people without care-givers, migrant population, mentally ill people, languid beggars, homeless, abandoned and unwed tribal girls and urban street children.

Cambridge historian, Prof. Angus Maddison’s in his book research (“Reviewing the World for 200 Years”) pinpoints that India was an economic superpower 200 years ago, but experienced a severe structural and institutional retrogression for centuries arising from the scandalous caste system. Now, it is re-emerging and aiming to regain its rightful place in the NEW WORLD ORDER. For better or worse, at one fell swoop, Indian parliamentary democracy has awakened the masses and has stretched the collective and individual aspirations of the ‘Great Indian Middle Class’. It also made political community have guilty conscience about development and well appreciate the political pay-offs that the ‘India Growth Story’ could/ has deliver(ed). A case in point is the electoral verdict 2004. But, patently India’s telling economic achievement has not reached its poor and political aspirations at home and abroad appear to do very minute difference to their beaten lives (‘Economic growth and the Millennium Goals’; John M. Alexander; The Hindu; October 06, 2005). Consider this: The three central objectives of Education for All (EFA) and Sarva Sikshan Abhiyan (SSA) are 100 percent access, 100 percent retention and 100 percent attainment of minimum standards. ‘Elementary Education in India: Where do we stand?’, a report released by New Delhi based National Institute of Educational Planning and Administration (NIEPA) reveals that India is far, far away from achieving any of these objectives, for statistics mentioned in it point that not all those enrolled in standard I enter standard II and most children do not complete primary education. According to statistics released by UNESCO, only 61 percent of children are still in school by the time they reach ten years of age. The drop out rate is 39 percent. The World Bank has reports that India is home to one-quarter of the world’s 104 million children out of school...
The India Economy Review

"If a society is not in reasonable health, democracy can not only be risky but disastrous."

-Robert Kaplan

percent a private clinic or doctor. One third of the villages do not have pre-primary schools and 28 percent do not have primary schools ('Credit without roots'; Tamal Bandyopadhay; Business Standard; December 01, 2005). The planners need to appreciate the crude fact that the erstwhile development models have failed and ‘trickle-down approach’ is not working. Over 160+ naxal affected districts bear an arrant authentication to this naked fact, as do ubiquitous farmer suicides and mortality of tribal children. In fact, suicides have become a pandemic. The militantly Maoist Naxalite movement is diffusing out from West Bengal and Bihar into the Gangetic belt of Northern India. Some estimates suggest that the Government has effectively lost control in nearly 20 percent of the country’s 584 districts ('Taking It Easy'; Ruchir Sharma; Newsweek; March 6, 2006).

Course Corrections
The developmental discourses (in business, media, politics, academia, civil society, administration and multilateral bodies) have become more uni-dimensional and naïve, with a wanton focus on cold and formal indicators viz. GDP, investments, efficiencies, etc. The developmental planning has not fostered the constitutionally promised social justice, where not only outcome but also access to opportunity has been unspeakably skewed. These results are very evident in form of regional imbalances. Even after 59 years of self-governance, considerable parts do not acquire a place on

(www.onlypunjab.com). Let alone schooling, the female child is shorn of even the pleasures of early days. Planning Commission member, Saida Hameed, mentions that a girl in India is up to 50 percent more likely to die before her fifth birthday than her brother ('Oxfam: Political will lacking to provide essential services'; Indian Express; October 20, 2006). Female mortality rates stay more than male up to the age of 30, quashing the typical demographic relationship. These gender inequalities point towards a common preference for male children, predominantly in the north India. Girls are valued less than their brothers, and are often taken to health facilities in more progressive stages of their illness, taken to less qualified doctors, and have less money spent on their healthcare, states the UNDP’s HDR 2005 ('India: the gap between rhetoric and reality...' ; www.blogger.com; Frederick Noronha; May 13, 2006). The ICMR’s National Institute of Nutrition, Hyderabad, did a study that found 50 per cent of school-going children suffering from multiple micronutrient deficiency despite eating a ‘balanced’ diet that was high on quantity but low on protein, calories, vitamins and minerals, often falling far below the recommended daily allowance. They appear to be ‘healthy’ when in fact they’re not ('Hidden Hunger'; Times of India; May 5, 2006). Presently, only 42.5 per cent of births in India are attended to by skilled personnel, a far cry from the UN target of 85 per cent to be achieved by 2010 ('Poor delivery'; Mridusmita Bordoloi; Business Standard; September 20, 2006). The report of the National Sample Survey Organisation (NSSO) on village facilities, undertaken in July-December 2002 revealed that tap water is used for drinking in about 18 percent of villages and 55 percent of them get their drinking water mainly from tube-wells or hand pumps. What’s more, 54 percent of the villages are five km away from the nearest primary health centre and 27 percent are more than 10 km away from it. Only 10 percent of the villages have a medicine shop and 20
“So they (the government) go in strange paradox, decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all-powerful to be impotent.”

-Sir Winston Churchill

the development map of India. As economist Jean Dreze points out (‘Oxfam: Political will lacking to provide essential services’; Indian Express; October 20, 2006), rather than universalisation, present UPA government has been moving towards targeting and rationalising the existing public services. Substantial statistical data confirm that there is a concentration of deprivation and distress in the dry lands of India as well in hilly and tribal regions. Consider this: The state of children is in terrifying condition, denying children and poor an opportunity to broaden their horizon and acquire new skills. Whereas, Supreme Court, (in a landmark judgment) stated that article 21 of the Indian constitution refers to the right to a life with dignity rather than a sheer right of survival, this has no value for the ordinary child who experiences deprivation and lack of access to basic services. In fact, these children are being shorn of even the right to survival by the same institutional set-up that is compelled to maintain the decisions made by the country’s highest court. The Hindu Editorial points that (‘Ensuring children’s right to food’; May 2nd 2006), about half of them suffer from chronic malnutrition and persistent hunger. More than 60 of 1000 children born die before their first birthday; and nearly three million children under the age of five die annually from preventable diseases. Also, in India, girls suffer more from nutritional poverty than boys (‘India’s children: imperilled by hunger’; The Hindu; May 10, 2006). Statistics point that India may have more televisions than toilets and people endure indignity, inconvenience and ill-health on account of open defecation, specifically in rural areas. Public health is virtually in dire shambles, forcing millions into sickness and debt trap. India currently suffers an even greater proportion of the world’s disease burden than its 16.8 percent share of the global population (‘Building human capacity in India: The role of biomedical and social science research’; Krishnamurthy M; www.sneha-india.org). There are 10,000 municipal hospitals, but what is the quality of health services that the people of India get? Of the required 1.7 million anganwadi centres, 6, 50,000 have been established and only 600,000 are functional (‘Ensuring children’s right to food’; The Hindu; May 2nd 2006).

Seeds of Disquiet

Of late, the escalating agrarian crisis has plunged even farmers to the precipice. They are giving in to the loneliest of routs in the struggle against crop failure and starvation, by ending their lives. As is being reported in popular media, suicides are emerging into an epidemic in the rural areas. Dr. Vandana Shiva, Director of the Research Foundation for Science, Technology and Ecology, New Delhi claims that ten years of the WTO had left India’s agriculture in ruins and farmers in debt, in which around many farmers have committed suicide. Consider this: 59th round data released in 2005 of The National Sample Survey Organisation (NSSO) points that regardless of appreciable expansion institutional credit flows, the share of the informal sector (long-established money lenders and traders) in rural debt remains as excessive as 43 percent. Statistics available with The IIPM Think Tank (‘Plan for Drought’; Times of India; April 27, 2006) close to 43 per cent of 89 million cultivator households are in debt and when agriculturalists who form a sizeable amount of population are
not well-off; one might as well imagine the plight of the other dependant population. On the other hand, despite per capita GDP growth of about 5 percent through the 1990s, an increasing number of employed personnel are working on daily or periodic contracts. Employment growth in the organised sector (characterised by many ‘good’ jobs) has been excruciatingly slow, if not negative, in recent years (‘State of Governance’; NEP Paper Presentation; Spring Summer, 2005-2007; The IIPM, New Delhi).

Erroneous Economic Experiments

The superior ‘demographic dividend’ thesis is pure economic drivel, being propagated by inconsiderate foreign institutions and selectively distorted by the crooked Indian politicians to suit their self-seeking concerns and pursuits. It ignores the dismal failure to create decent employment opportunities, on a sustainable basis. Consider this: Nearly 46 million people are registered with various Employment Exchanges, with little or no hope of getting some sort of employment(www.wakeupcall.org). If present trends continue, in 2020, the unemployment rate in India will be 29.5 percent, with 55.4 percent in Goa and 40 percent in West Bengal (‘Old ideas for the young’; Bibek Debroy; Indian Express; September 20, 2006). It is a disquieting act of deadly despair as deprivation lurks concealed behind the facade of economic growth.

“It is not the size of allocations on pro-poor services alone that matters. Government of India transfers more than two lakh crore Rupees every year to the states. If even half of it was to be sent to the five crore poor families directly by money order, they would receive more than 50 Rupees a day!”

-Naresh.C.Saxena

‘Governance reforms in India’

The Fine Art of Apathy

In Bihar:
- 90 per cent of children are deprived of adequate vaccination
- 65 per cent of women are unable to read and write
- 26 per cent of children are severely undernourished

In Orissa:
- 36 per cent of young children had fever at the time of the NFHS survey
- Only 20 percent of adult women consume milk at least once a week
- 16 per cent of adult women get an egg at least once a week
- 14 per cent or adult women get a fruit at least once a week

In the more deprived regions of these states, the situation can only be described as a humanitarian emergency. Consider for instance Kusumatand, a scheduled-caste hamlet in Palamau district, Jharkhand. In a random sample of 21 households:
- 20 reported that they had to skip meals regularly
- only 7 owned a blanket or quilt
- only 2 reported that all adult members had chappals

(Source: www.indiatogether.org; Jean Dreze; March 2004)
and unappreciated in millions of households, not just in the rural, remote and fragile areas but in the shadows of scintillating urban counterparts. About 28 percent of India’s population lives in urban areas, of which more than one-fifth live in slums (‘Why are the babies dying?’ The Financial Express; April 03, 2005). At present, Indian planners seems to have an approach wherein measures are directed to abolish the poor, rather than poverty. This was graphically illustrated in Mumbai this year when slum neighborhoods were razed, making 400,000 people homeless. The Mumbai police followed up by beating protesters whose shacks had been demolished (‘India’s poverty: Help the poor help themselves’; Kirsty Hughes; International Herald Tribune; May 09, 2005).

Incidents like these make one question the nature of economic freedom and politician’s hypocritical championing of democratic rights. Majority of the political parties have become electoral networks to secure state power, sooner than dynamic citizen’s organisations to guarantee answerable, righteous and democratic governance. Services led economic revolution that are our zeitgeist, more so among policy makers in New Delhi and select state governments is unable to make any dent rural poverty. We at The IIPM Think Tank deem that all this IT and services led revolution and current 8 percent growth rate story is a sideshow, a significant one, but a sideshow nonetheless. The real apprehension is over ‘The Great Indian Social Failure’ in which there is an extensive deficiency of social infrastructural services and consequent negative fallout of marginalisation, inequity and imbalances in all spheres.

More Than Numbers

With services making up three-fifth of GDP and agriculture only a fifth, we may continue to grow at 8 or above 8 percent. But growth is not meant to be an end in itself. The Planning Commission’s Report of the Inter-Ministry Task Group on Redressing Growing Regional Imbalances has developed a list of 170 most backward districts, including 55 extremist affected districts. Extremist violence is most frequently encountered in areas where backwardness is intense (‘A national authority for rain-fed India’; The Hindu; Mihir Shah; April 19, 2006). At the heart of all these indicators is the dismal performance of primary sector. Growth in agriculture hardly keeps pace with population increases, accentuating the problems of nutritional and food insecurities. The upshot for the policy mavens is to entertain the Hamletian dilemma: whether India wants to look at agriculture as a lifestyle, and consequently seek to keep farmers attached to land. Or whether it wants to look at agriculture as a practicable and productive economic pursuit, whereby there exist an integration of agriculture and non-agriculture areas, in order that productivity gains in farming liberate surplus labour and resources for more productive deployment in other places (like livestock, aquaculture and etc) and subsequent reduction in inflation rates as well. Additionally, the ‘hot air’ concerning the requisite labour reforms needs to be delimited and steps . There might be a likelihood of insecurities experienced by workers resulting into serious conflicts, nullifying advantages to be gained from globalisation and liberalisation. Instead of being in a repudiation and denunciation mode, governments should guarantee that all citizens can afford the basic social services; they should also spare no effort in advancing employment, gender equality and etc. in society. Pre-emptive responses like drought-proofing plans need to be undertaken in rural India, to avoid a man-made catastrophe. Nothing works like commitment to the poor when it comes to everything from GDP growth to FDI to going global. Miracle is in commitment to the bottom 80% of the population. If the paralysed parliament and its worse off parliamentarians would only understand this and start working, it would be India’s Century (‘The Chinese success is no miracle’; Business and Economy editorial; Vol.
Our Weapons of Mass Instruction

The Time Is Now

The MNC giants preferred to invest in the dictatorial Chinese markets over the democratic Indian markets. The logic was simple: The Chinese government, before their quest for being the global survival of the fittest, had taken care of their local national needs for survival of the weakest. By being committed to their own people first and giving them purchasing power and removing millions out of poverty (the figure, put at 200 million, made the World Bank itself admit that in recorded history, no other country had brought more people out of poverty in a span of only 20 years), the China had made its markets attractive for investors. Also, as has been discussed in the World Economic Forum 2006 at Davos, Switzerland, the real contest is not between India and China (or any other emerging economy in the world). It is between India and India. The destitution and the consequent disillusionment in one India can pose serious problem to the fortunes and fulfilment of the other India. The ‘strategic risk’ of imperilling the socio-economic welfare of an entire country is very real and expedient action is needed to safeguard India’s present and future by attending to these ‘primary concerns’, coupled with steady changes in structural foundations, ongoing institutional reforms and social configurations. Or else, India’s growth story will have few takers without resentment from the underprivileged.
IT’S EMBARRASSING TO BE CAUGHT READING ANYTHING ELSE!
mind matters
A punctilious examination of the Indian policy environment highlights that it is illustrated not only by notorious bureaucracy, corruption and feeble infrastructure, but also a series of profound and curious sorts of inconsistencies: between avowed policy and action, promise and performance.

UK Prime Minister Tony Blair staked his government’s reputation and existence on the worth of education; the US President George Bush was elected (2000) on the basis of his performance in school education as Texas governor. Almost every child who is a Singapore national and a permanent resident, attends government or government-aided independent schools, featuring the best human capital and infrastructure. The US is a step ahead wherein children in the public (government) schools enjoy also other amenities like free transportation, free study material and free or subsidised lunch. But in India, politicians pay attention to education only when tactical concerns like ‘reservations’ come to the forefront (‘Can merit and social justice be compatible?’ Jayaprakash Narayan; The Financial Express; April 21, 2006). No facet of India’s developmental efforts has been as discernible by discrepancies between rhetorical aspirations and actual accomplishment as our educational system. It is absurd that it is the same economy which taxed its common citizens punitively (and throttled disposable income) on one hand, has failed desolately in utilising the tax proceeds for avowed objectives on the other hand. Consider this: The Union HRD ministry is yet to get Rs. 12,000 crore collected through the 2 percent education cess (‘Finmin fails to pass on education cess money’; Business Standard; 30th March 2006). Thanks to

“Education is a companion which no misfortune can depress, no crime can destroy, no enemy can alienate, no despotism can enslave. At home, a friend, abroad, an introduction, in solitude a solace and in society an ornament. It chastens vice, it guides virtue, it gives at once grace and government to genius. Without it, what is man? A splendid slave, reasoning savage.”

- Joseph Addison
the far-sighted policies enunciated by Pandit Nehru, a good number of higher education institutions (specifically in research) came into existence during the first two decades of independence. But the Indian leaders in the Fifties and Sixties did precisely very little with respect to basic education. As has been meticulously proven by Prof. Devesh Kapur at the University of Texas, Austin and Prof. Sunil Khilnani, author of ‘The Idea of India’ (‘Primary Concerns’; Hindustan Times; April 23 2006), the new lower caste leaders who have emerged over the last twenty years has also exhibited a shocking insensitivity in educating its own core supporters — as the cases of Uttar Pradesh and Bihar bear witness.

Primary Concerns

Thus, there is no apparent doubt to accept the premise and proposition that education, basic education, *(to be more precise)*, has always been an ignored concern, as far as Indian policy making is concerned. The insensitivity of the leaders and policy makers has ruined the picture to such an extent that people have now started taking this indifference without any negative surprises. **Consider this:** A nation of 1.013 billion (representing almost one sixth of humanity), a country that prides itself as an emerging world power, is a land where 1.35 crore children are still left out of school (‘It Must Begin At Grassroots, Silly!’; Ramachandran; The Economic Times; May 25, 2006). A nation of Aryabhatta, Kautilya and Bhaskaracharya is now paining herself with innumerable illiterates, and multitudes of children languishing in badly equipped and ill staffed governmental institutions. A civilisation that taught the world the usage of numerals, zero and decimal system going down to as a country ranked 122 in the Human Development Report of the UNDP. Even now, as per National Sample Survey Organisation (NSSO), one third of the villages do not have pre-primary schools and 28 percent do not have primary schools.

These statistics are not mere numbers but are both pointers and challenges for the future. How to bring changes? How to correct things? Or, are we to fail and go down as “Civilisation of Darkness”? One such domain which needs urgent contemplation is that of education. It basically connotes not only the statistical figures (literacy achievements) but many subtle and intangible dimensions beyond mere numbers also. Among the fundamentals attached to it are questions like; what consists of education, why education , its correlation with development and most importantly the answer as to what should be the holistic paradigm for changes in terms of what to teach, how to teach and how much to teach. On examination table would not only be several facets of literacy campaigns and educational setup in India but also an enquiry as to why as a nation we have failed to give cent percent literacy to our teeming millions even after 59 years of our independence.

Planning For Learning

Education can be defined both as an instructive and enlightening process as well as the knowledge or skill development by a learning process. On a broader note, education includes literacy before enlightenment. Literacy has been defined as the ability to read and write with understanding. This minimum level of skill varies from ability to communicate orally to the ability to make a check of variety of difficult arithmetic computations. Finland in 1930 applied perhaps the strictest definition where only those people who qualified a rather difficult test were classified as literates. Population Commission of the UN considers the ability to both read and write a simple message with understanding in any language a sufficient basis for classifying a

“**Literacy is not the end of education nor even the beginning.**”

- Mahatma Gandhi
person as literate. Indian Census has adopted this definition as well. However, distinction between the literates and the educated exists depending on the years of schooling. We at The IIPM Think Tank would like to see the ambit of education outlined as the minimum level of formal education that sanctions one to earn one’s livelihood.

To the central question of the need of education, number of answers can be forwarded. Education stands both as a mean and an end to social development. It makes a person aware of his or her social, economic and political choices, sine-qua non for a democracy. Education brings meaningful employment and makes a person a better individual and citizen of any polity. Right education is like drinking from the fountain of youth – keeps minds youthful and supple. The merit in developing our human capital and knowledge capital— not just for the innate benefits it brings to an individual, but also for our collective economic good — has been long and widely recognised.

Consider this: In the 1840s, Reverend George Washington Hosmer, who contested from Buffalo, led a struggle for public education saying, “Thousands among us have not dreamed of the effects of popular education; they have complained of its expensiveness, not foreseen that it will diminish vagrancy and pauperism and crime, but it will be an antidote to mobs; and prevent the necessity of a standing army to keep our own people in order. Every people may make their own choice, ‘to pay teachers or recruiting sergeants, to support schools, or constables or watchmen.” Sitaram Yechury, Member, CPI (M) Politburo, documents that (“Let’s caste our net

Creaking System, Crumbling Institutions

- A recent national study (spread over 3,700 schools across nearly 200 districts) lead by Karthik Muralidharan, a doctoral candidate in economics at Harvard University has shown data that a quarter of government school teachers were not present in school at any given time and that less than half the teachers were engaged in teaching activity during unannounced visits. Results of a multi-country study conducted in association with the World Bank (Nazmul Chaudhury, Jeffrey Hammer, and Halsey Rogers) show that teacher absence in government-run schools in India averages 25%, which is the second highest in the sample of eight, (next to Uganda) low to middle income countries (http://www.azimpremjifoundation.org)
- If the Sarva Siksha Abhiyan (SSA) has a 75% success rate, it would mean that in 2006-07 there will be an increase of about 9 lakh children enrolled in class 9 from existing 2.5 crore. Moreover by 2011 the government hopes to have all children between the ages of 6-14 year in school working through the SSA. Seats will have to found for these entrants, yet it is secondary education which has been most neglected (“It Must Begin At Grassroots, Silly!”; Aarthi Ramachandran; The Economic Times; May 25, 2006)
- The six IIMs put together produce only a mere 25 PhD students in a year, of whom barely five go for a career in academics and the remaining choose a corporate career. Compare this to the United States where the top B schools produce over 100 PhD students in a year, of which only 20 go for a corporate career. The fund crunch is so severe that IIM Ahmedabad students have created a corpus for conducting research, which will be worth Rs. 2 crore in 2011. In comparison, Harvard Business School (unmindful of the fact that its commitment to “liberalism and humanism” being somewhat “less recognised” than its commitment to “excellence” per se) raised $ 600 million in only three years (“IIMs score low on research front”; Business Standard; April 07, 2006).
India’s large English-speaking population, the country’s spin doctors would have us believe, is one of the powerful engines that will propel India past China and other BRIC competitors in the great globalisation stakes. How strange, then, that the standard of English education is deteriorating sharply. With just 3 per cent of the country’s population said to be literate in English, there is no doubt that English-literacy is a scarce and valuable capability (‘The language barrier’; Business Standard; April 06, 2006).

The budgeted expenditures for IITs is Rs 648 crore, for IIMs Rs 64 crore and the overall budget for the University Grants Commission is Rs 1,927 crore. The latter supports more than 100 times the number of students that enter the IITs — yet; proportionally it receives less than three times the funds. The funds allocated for the National Scholarship scheme, meant for talented children in rural areas — a munificent sum of Rs 2.24 crore. Funds for ‘Access and Equity': a princely Rs 10 crore. Together, these monies — which should provide a powerful instrument for targeted assistance to those who really do need opportunities to realise their talents — add up to less than a fifth of what is channelled to institutions like the IIMs, which are already flush with funds (‘Primary Concerns'; Prof. Devesh Kapur and Mr. Sunil Khilnani; Hindustan Times; April 23, 2006).

There has been a proliferation of a number of universities and the State governments are facing a resource crunch in extending adequate financial support to the universities. In 1971, the annual allocation was 1 per cent of the GDP, which got reduced to 0.8 per cent in 1981, 0.6 per cent in 1991 and 0.4 per cent in 2001. (‘Enhance allocation to higher education: UGC'; The Hindu; March 21, 2006). “If there are 17,000 colleges, 350 universities and equivalent institutions, less than 10 per cent of the youth have access to these portals of higher education.” (‘Arjun sticks to guns on quotas, meets EC'; Business Standard; May 05, 2006). In absolute terms India sends to college as many students as the entire population of Jakarta. But compared to the country’s population, just 8 to 10 out of 100 Indians reach college. This is five times less than the corresponding figure for the developed world. And nearly half of what China sends (‘Killing softly: Merit and social justice'; Hindustan Times; April 18, 2006).

“Sa’vidya’ya’vimuktaye”
– ...Education is that which liberates

casual importance, making India unable to realise this national imperative. Post-war development paradigm based on GNP (Gross National Product) per capita which ignored the human angle was very myopic. There were examples of rich countries faring poorly in socio-economic indices. “Limits to Growth” progressed gradually before culminating into “Human Development in the 1990s.

This argument helps, motivates and explains a different understanding of development and growth based on GNP. For the attaining the ends of societal and economic development, education becomes quintessential, both as a mean as well as an end. Planners in India have not been oblivious...
to these facts but targeting and provisioning have been skewed. The institutional dynamics, targeting practices at primary, secondary and tertiary levels, thus demand thorough scrutiny and near-overhaul. On another level, what to teach, in what language to teach, goals of education, attunement of needs to the development of an economy, balance between education for all emerging needs of knowledge driven economy need to be dealt with. These analyses would have a strong foundation if a probe is made into the social and historical background of India and its relation to education and learning process.

Is India Learning?

- India is immensely diverse with many distinct pursuits, divergent customs, heteroclitic traditions and thinking processes. Independent India had the gigantic task of amalgamating diverse cultures. The Indian Constitution had many ideas which were not considered apposite, in a land where people were extremely poor, tied to tradition and exploited by merchants, money lenders and landlords. In a society based on hierarchy, caste inequality, blatant discrimination, inequality of opportunity, lofty principles of polity and governance are considered not enough for enhancing the well being of the poor. But in all this, India has an exclusive advantage because of our diverse cultures and philosophies. An uncomplaining practice of tolerance facilitates a flowering of differing thoughts, underlining the different perspectives that flow from our infinite cultural diversity. All these are natural stimuli for creativity and innovation, the much touted perquisites (and Critical Success Factors) in a knowledge society. The multilingual character of Indian society needs to be seen as a resource for enrichment of school life. Nurturing such diversity and tolerance is, therefore, not merely a dogmatic matter, but a realistic obligation. As Kiran Karnik observed, seeding innovation has to begin at an early age. In such a scenario, education can become either an enabler or disabler, depending on its intention and design. To augment India’s innovation capability, the Government needs to support innovation through public policy area, through favourable educational policies, as we possess the prospect to become not only ‘low

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**Statisticians Nightmare!**

‘Elementary Education in India’--a report by the National Institute of Educational Planning and Administration (2004) is based on data from over 8.5 lakh schools in 461 districts across 18 States.

- Schools without a building make up 6.3 per cent of the total.
- As much as 30 per cent of the schools have no proper permanent buildings.
- Schools without a classroom make up 12 per cent while those with less than three classrooms add up to two-thirds of the total.
- Just about 42 per cent of the schools have a playground.
- Less than 16 per cent have proper sanitation facilities.
- Close to 9 per cent of the primary schools have more than 100 students per teacher.
- Only 36 per cent of the schools have more than three teachers.
- Less than half the teachers in the country are trained teachers. A little more than half of the regular teachers have only higher secondary or lower qualifications.
- Government-managed schools have an average of 2.5 teachers per school, while those under private management average 4.9 teachers.

(Source: ‘Ensuring equal opportunity — It is all in quality schools’; Bhanaji Rao; The Hindu Business Line; July 12, 2005)
The real difficulty is that people have no idea of what education truly is. We assess the value of education in the same manner as we assess the value of land or of shares in the stock-exchange market. We want to provide only such education as would enable the student to earn more. We hardly give any thought to the improvement of the character of the educated. The girls, we say, do not have to earn; so why should they be educated? As long as such ideas persist there is no hope of our ever knowing the true value of education.”

- Mahatma Gandhi

bound to fail. Consider this: William Dalrymple writes in New Statesman Special Issue on India, (‘India – Introduction’; January 30, 2006), “the grandchildren of Brahmin temple priests may be designing space rockets, but the grandchildren of untouchables are still untouchables, and the grandchildren of the two-thirds of Indians who derive their income from agriculture remain, by and large, farmers. Because of the caste system, the hyper development of India is being driven by a tiny elite section of the population.” Learning and knowledge are a public good (common wealth). Thankfully, that wealth is not a fixed amount that creates winners and losers when they share the same. The only limit upon the horizontal spread of knowledge and learning is the supply constraint of traditional means for sharing the same. Education technology in general, and open and distance learning in particular, solve this specific limitation and educationists must opt for this methodology.

At this juncture, we at The IIPM Think Tank strongly agree with The Economic Times editorials (‘No more quotas’; April 11, 2006 and ‘Booster points, not quota’; May 25, 2006). If the Union government is serious about tackling traditional inequality of Indian society and breaking caste-occupation correlation, it needs to think beyond quotas. Continuous reform that provisions millions of new jobs outside the traditional sectors familiar to the caste hierarchy would be the sole most effectual input to subverting social hierarchy, modelled on traditional lines. A higher education system, that contains and cultivates a broader assortment of skills, could catalyse that much required structural shift in the Indian economy. In that, policy can be intelligently engineered to make the right set of incentives whose function will augment both equity and efficiency concurrently. Good educational facilities will give everyone the same chance for good start in life and as well maximise and equalise opportunities to improve themselves, as is reflected in the long-standing people’s aspiration: “Nirdhan Ho Ya Dhanwan, Sab Ko Shiksha Ek Saman” (Poor
or rich, all have a right to equitable education).

**The Report Card**

India being diverse, education was taken as a tool for national integration as well as for development. However, education policies since 1947 have shown deep inconsistencies and aberrations. Article 45 (Directive Principles having no legal sanctity) urged the state to provide free and compulsory education up to the age of 14 by 1960. Almost all the education reports recognised the need of universal primary education in schooling facility.

In 1986-87, nearly half of all rural children had never been enrolled in any school. Revised National Policy for Education, 1992 (NPE) in tune with earlier tradition repeated old credo in a different time frame. The new deadline was the onset of the 21st Century for Universal primary education. In the UnniKrishnan Judgement 1993, the Supreme Court categorised Right to Education as a Fundamental Right. The Indian Parliament with 86th Amendment has also made right to education a Fundamental Right under Article 21A.

**Missing The Big Picture**

But by looking at the performance, inter and intra-regional disparities in the educational sector are glaring (even 59 years after Independence). Interestingly, even the “so called” developed regions displayed gross social backwardness. One interesting example is related to the adverse sex ratio among 0-6 age group in developed states of North-Western India. Development and sex selected abortion seem to coexist. Almost always there is a

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**Hard Truths About Soft Skills**

In survey after survey, we end up with the observable and unsurprising conclusion: Indian students perform miserably in the areas of ‘communication skills’ and other important ‘soft skills’. With increasing disinterest in verbal and linguistic skills and unwarranted importance attached to aspects of ‘brilliance’ and specialist/scientific knowledge, this is bound to happen. What the world (when the demand/job is of foreign origin) wants is thoughtful skills like that of ability to understand quickly, convey meaning simply and clearly, speak one’s mind when needed and the capacity to think independently and critically; this translates into, given a report or a situation, to know what questions to ask, whom to refer to if needed and what to look for in a solution—and apply one’s mind, not one’s memory power! In the opinion of The IIPM Think Tank, conceivably the planners need to follow the great American teacher-philosopher, Brigham Young’s approach towards education: “Education is the power to think clearly, the power to act well in the world’s work, and the power to appreciate life.” The current system privileges enumerative knowledge and fails a labour market that demands the capability to multi-task and continuously reskill. Both State and India Inc. (corporates) must invest far more in the innovation chain.

Also, there is another philosophical failure of education by not recognising education as an experience and by overlooking its core constituents, which are understanding and values. Our system tends to generally suppress alternative ideas, encouraging students to regurgitate standard answers based on rote learning. We need to quickly alter it so that students learn to question answers and not just answer questions. Pedagogic methods need to be re-assessed, rote learning minimised, divergent thinking and creativity encouraged. We need to reconstruct our idea of a classroom and the role of the teacher. Prof. Yashpal feels passionately about the significance of children’s own questions. School teaching and text-books must be child-inspired.

(Source: ‘How to make graduates more employable’, S. Ramachander; The Hindu Business Line; May 1, 2006 and ‘Igniting innovation for growth’, Kiran Karnik;The Economic Times, February. 8, 2006)
debate on provisioning. Education for children in primary schools from 6-14 years bracket however categorically ignores children in the age group of 0-6 years. Scientifically, the learning process starts with the health of pregnant woman. Neo-natal and post-natal care for children, nutritious meal cannot be dissociated with “education for all”. Consider this: The Indian Medical Association has placed anaemia as one of the leading causes of school dropouts and NGO interventions in the slum and rural areas point that attendance improves when iron deficiency is halted. Sumita Kale, Advisor, Indicus Analytics, New Delhi points that anaemia affects a child’s physical development and capacity to learn, the “vicious cycle of poverty” gets exacerbated---- in effect, the influence of anaemia on inter-generational transmission of poverty has hardly been researched (‘The burden of anaemia’; Business Standard; May 03, 2006). Nutritional and cultural inputs during the first few months of the children leave a long-lasting impact upon consequent scholastic and economic attainments. Pre-school intervention is a fundamental prerequisite to augment the quality facet of all educational interventions (‘Time to move beyond quantity’; The Economic Times; January 28, 2006). In light of this specific information, development experts and economists need to focus upon integrated and other holistic interventions, integrating nutrition, health, and pre-school education. Schemes like Integrated Child Development Scheme (ICDS) need to be fortified and strengthened. There is much scope for consolidating the achievements of this institutional medium. As explicated in The Hindu

Methods In The Ministerial Madness!
The Ministry of Human Resource Development (HRD) at the centre (which was earlier called the Ministry of Education) now consists of four separate departments: Department of Education, Department of Culture, Department of Women and Child Development, Department of Youth Affairs and Sports. Each of these departments has several sub-divisions or divisions. The Department of Education has separate units concerned with primary education, secondary education, technical education, teacher’s education, higher education, book promotion and copyright, planning, languages and Sanskrit, district education and international relations, among others. Similarly, the Department of Women and Child development and the separate Department of Youth Affairs and Sports have several divisions concerned with different aspects. All these departments have several commissions and subsidiary organisations under them reporting to different divisions and authorities with cross cutting functions. While there is multiplicity of departments, divisions and organisation, none of them has adequate authority to take any decision concerning even the most non-controversial items. Take, for example, the matter of providing better sports facilities for young women in schools. A proposal to this effect would require consideration by practically all the divisions and organisations as it concerns women, sports, education, youth and perhaps, welfare! After the matter has gone around the ministry’s various units (with conflicting views and objectives) over several months or years, it would need to be considered by an inter-departmental committee of the ministry, then a number of secretaries, and finally the minister, all of whom are likely to have the most casual acquaintance with the subject. Thereafter, of course, if finance, law, planning, security and any other aspects are also involved, the matter would need to be referred to other ministries with their own multiple layers of departments and divisions.

[Source: Adapted from ‘The Future of India’ authored by Bimal Jalan; Penguin India Books]
“...cognitive skill development is massively influenced by the quality of care that a child receives in the first few months and years of its existence. The returns on early intervention investments steadily decline and cease to be anything great by the time children formally start school. Well-designed intervention, for nutrition, care and mental stimulation in early infancy matters more than quotas subsequently.”

- ‘No More Quotas’;
- The Economic Times; April 11, 2006

editorial, (‘Ensuring children’s right to food’; May 2nd 2006), although ICDS is the world’s leading early child development intervention, it is awfully starved of finances. The all-India convention in Hyderabad, (Children’s ‘Right to Food’), called for “universalisation with quality” of the programme. We at The IIPM Think Tank could not agree more. Presently, majority of ICDS anganwadis are in disrepair; and enhancements are required to their working conditions and logistics, which include utensils and water supply.

Prof. Jean Dreze upholds that (‘Children under six — out of the spotlight’; The Hindu; October 20, 2006) there is much evidence that the best approach here is to combine nutritious, cooked food with well-designed “take-home rations” (in addition to nutrition counselling) for younger children. Yet many States are not even trying to take these simple steps to improve the nutrition component of the ICDS.

Consider this: In Rajasthan and Uttar Pradesh, children aged 3-6 years are provisioned the same bland “ready-to-eat” food (panjiri or murmura) day after day, and younger children get nothing at all. It is no wonder that mothers interviewed in these States were often dissatisfied with the programme. Improvising quality warrants training facilities, active supervision, decentralisation and increasing the numbers of workers who presently work under extremely demanding conditions, inadequate community support and amid little salary payments. Universalisation entails that the outcomes of the ICDS must reach every child under six, every adolescent girl, and every pregnant and nursing mother with special importance accorded to marginalised dalit and tribal sections. Also, the state should make ICDS data more transparent in line with the Right to Information Act.

Fragile Foundations And Missing Links

An initiation has to be undertaken at primary and secondary education levels, where even at this time, a fat number of students are dropping out of schools. Consider this: As per the Government’s own figures (2003-2004), more than 12 crore students were enrolled in Class 1 to 5, of which more than 8 crore were from rural areas. By the time they reached Class XII, 62 percent of students from rural areas had dropped out of school. The drop-out rate for Scheduled Tribes was 63 percent and for Scheduled Castes 59 percent (‘Reserving the wrong seats’; Prakash Patra; Hindustan Times; April 17, 2006). As illustrated, the dropout rate is a telling commentary on the state of affairs. Prof.Jean Dreze and Dr. Amartya Sen contend that dropout is falsely associated with ‘economic needs’ theory. There is a demand for education and the critical miss is the quality. “With students from standard 1 to 5 clogged in one room with one teacher teaching, all purpose of education is lost.” The same point was supported by the research undertaken by The IIPM Think Tank (‘State of Education’, NEP Paper Presentation, Spring Summer 2005-2007, The
IIPM, New Delhi). Poor parents do not send their children to school due to economic needs. Again, the drop-out rates are high due to irrelevance of the curriculum and its ineffectiveness in immediately improving the earning capacity of the learner.

Present downsides in the Midday Meal Schemes (MMS) are well documented by now and it has been widely recognised that better execution of these schemes will guarantee much lower dropout levels in elementary education. Previous experiences also demonstrate that drop-out rates cannot be reduced through inducements only. Also, flexibility of public school administration, rules, internal procedures, regulations, and content are essential if success in provisioning quality and appropriate education is to be realised.

Consider this: As brought up by Aali Sinha and Laveesh Bhandari (‘Backward education’; Business Standard; November 30, 2005), flexibility on issues of kind of education is very indispensable. In addition to textbooks, hygiene factors such as the environment in which they are taught, timings, school locations and etc. need to be in congruence with prerequisites of underprivileged community. The state of these hygiene factors is so awful that drop out rate is very high. Unless basic educational facilities are sound for those at the fringes of society, it will not be possible for them to make it up the ladder to reach institutions in higher education system. As ideated by Shantha Sinha, Member, CABE Committee, (‘Poor Children in Rich Schools’; Mallica; Working Paper Series; Institute of Social Studies Trust), elite private schools have a key role to play in democratising education. They need to appreciate their social responsibility. As of now, some of them have opposed the proposal of apportioning 25 percent of seats for economically backward sections. Mindful that such attitudes advance social disparities and they themselves unintentionally develop into means of a hidden apartheid, we at The IIPM Think Tank, vehemently recommend the inclusive education as was advocated. Even in the advanced economies, it is an all-inclusive public school system that made common education achievable. The need of the hour is to go deep into details and explore all the possibilities to make sure a disparity-less yet equally distributed education system that will benefit the economy as a whole as it will be designed and devoted to entail all the students from the several levels of the society. And if that happens, perhaps only then we can call ourselves to the citizens of a truly democratic nation. Unfortunately, this wave of commonsensical advice seems to be falling on deaf ears.

Broken System

Decrepit school buildings, non-existent support facilities, waning morale, teachers’ absenteeism, appalling teaching standards, absence of

“The root cause of India’s long-term decline lies mainly in the traditional structure of our social relations, i.e., the caste system. No country in the world can sustain its growth momentum over centuries if only a small strata of the society has access to education while the vast majority are denied access to opportunities of education and training. Arguably, this is precisely what seems to have happened in India.”

- Narendra Jadhav,
‘Is affirmative action limited to quotas?’
The Economic Times, May 2nd 2006
“Education, then, beyond all other devices of human origin ... the great equalizer of the conditions of men - the balance-wheel of the social machinery. It does better than to disarm the poor of their hostility toward the rich; it prevents being poor.”

- Horace Mann

accountability, etc. plague the Indian educational system, more so in case of primary education. Indeed, today we cannot even get obscenely high salaried government teachers to even turn up to teach at school — an exceptional perfidy of the most vulnerable members of the social order.

Consider this: In Bihar, a recent survey pointed out that 70 percent of teachers at primary school level are absentees, including vacancies (‘Reserving the wrong seats’; Prakash Patra; Hindustan Times; April 17, 2006). The picture is quite obvious: if an economy is suffering from this kind of huge inadequacy and teacher non-attendance, the progress in education sector and the dependent social transformation and economic vitalisation is in grave danger

Consider this scenario alongside with that of the infrastructure of schools catering to higher end of society, characterised by air-conditioned classrooms, swimming pools, assembly halls fit for a luxury hotel and other world class amenities. It seems inequality is made to breed at the bottom. How can a boy or a girl, howsoever bright and meritorious, ever imagine competing with the better taught and the better educated? With the onset of reforms and liberalisation, the apparently failed (social failure) private education sector can never meet the burgeoning needs the industry. The licence raj may have disappeared for manufacturing, but for social services like education and health sectors, both the licence raj and inspector raj are alive and flourishing. Bibek Debroy points to the statistics (‘Recognising the unrecognised’; Business Standard; September 27, 2005), which show that 40 percent of schools in Andhra Pradesh are unrecognised. There is another estimate that there are 10,000 unrecognised schools in Andhra, with student strength of 5 lakhs. For New Delhi, the figures stand at 10,000 and 6 lakhs, respectively. Likewise in neighbouring Haryana, there is a probability that current trend rate will end up in a situation where unrecognised schools are 1.5 times or double the number of recognised ones.

Dr. Debroy reasons that the high transaction costs associated with registration explain the situation of large number of unrecognised schools. Not just corruption and bribery are linked to registration, but also controls on qualifications and pay of teachers, prescriptions on curriculum, medium of instruction and textbooks, physical infrastructure requirements and etc. are some other causative factors.

Consider this: Bureaucrats take advantage of the prejudice against private schools and demand kickbacks in exchange for licenses, which average 5 percent of a school’s running cost. (‘Education: A learning curve’; Gurucharan Das; Newsweek; March 06, 2006). The same reluctance (towards registration of businesses) is observed in case of small scale industrial sector, documented in 3rd Census. As with very much about India’s story (India Inc.), Indians in other realms as well are also finding answers to their predicaments without looking at the Government for the same. Gurucharan Das, author of ‘India Unbound’ deduces that if China’s success is owing to its amazing (and state-funded) infrastructure, India’s is largely the outcome of individual inventiveness. If this initiative can successfully broaden access to and raise the quality of education, India could be even better positioned for the knowledge economy than its
behemoth neighbour. For some reason, the Union Ministry of HRD has a proclivity for looking more narrowly at higher education concerns rather than growth needs in elementary and secondary education. While Indian Ministers may well like to brag about the IIT/IIMs and other admittedly excellent institutes of higher education, the earlier Singapore Prime Minister, Goh Chok Tong, (on a visit here some years back), pointed out that China was far ahead of India in terms of providing primary education to its citizens. ('India Inc., liberalisation, and social responsibility'; Sushma Ramachandran; The Hindu; April 25, 2006). Also, the Indian courts have got involved in the trivia (finer points) of higher education, yet they discount the shame that passes for primary and secondary education for most of India’s future. As has been harped by Anil Sadgopal, Senior Fellow, Nehru Memorial Museum and Library (‘Centre’s move places education at risk’; The Hindu; September 26, 2006), contrasting elementary education against secondary or higher education, as is the emerging policy play, is prejudicial since India needs a balanced development of all sectors of education.

Quality Is Free!

Elementary education in rural area might have taken firm root, but quality of the same leaves a lot to be desired. Annual Status of Education Report (ASER) prepared by Mumbai based NGO Pratham through an examination of 1,91,057 households, 3,32,971 children and 9,252 schools in 9,531 villages of 485 districts spread over 28 states, endeavours to find how far the goals set out by the Sarva Shiksha Abhiyan have been met. ASER found that 35 percent of all children in the 7-14 years age group could not read simple paragraphs of Standard I level, while 52 percent could not read a short story of Standard II level. In the 7-10 years age group, this number is higher with 48.2 percent children unable to read Standard I level texts and almost 68 percent unable to read Standard II texts. For older children (11-14 years age group), 17.2 percent could not read easy paragraphs and 31 percent could not read stories (‘Elementary education: Still a long way to go’; Times of India; January 19, 2006).

Intellectual Death, At An Early Age!

On another level have we not reduced our system “for the rote by the rote and to the rote”? The life-less lessons, vacuous discourses and other mass mockeries deepen the depression at any school across India. With cramming of facts and figures, the free spirit of enquiry and originality of the same get stilted. What they browse, hear to and note from the writing board is so methodically sanitised that it has no resemblance to world reality and appropriateness in subsequent career and personal lives. RK Narayan in his famous

“It is a tragedy that 76% of SC children drop out before reaching class X today. Where is the ‘mission mode’ for retaining these children in schools across the country? Here private sector is ready to partner nation-wide-----based on success story of Kerala. Give FICCI a Private Public Partnership (PPP) pilot project, with a ‘zero drop out’ target and then take the results of the pilot forward.”

- Amit Mitra,
‘Is affirmative action limited to quotas?’
The Economic Times, May 02, 2006
“A cash-strapped university with fossilised research facilities and an overly bureaucratic approach is hardly a place to attract talented persons for teaching and research.”

- Prof. P.C. Chandrasekharan

‘Breathing life into our universities’

The Hindu; April 9, 2006

Rajya Sabha speech talked about the burden of school bags on children and more importantly, the burden of incomprehensibility. The curricula in all educational institutions must emphasise upon pedagogy by means of making learners interrelated with their direct environment (‘Change the pedagogy’; The Economic Times; September 30, 2005). To borrow a phrase from John Ciardi, the English dramatist, actor and author, ‘the classroom should be an entrance into the world, not an escape from it’. The same thought has been articulated by Krishna Kumar, Director, NCERT, wherein he writes (‘Deadening Routine’; Times of India, September 05, 2006), “the school day becomes a ritual of didactic songs and memorised information. Special occasions are marked by elaborate acts of sycophancy and preaching. School authorities seldom stop talking about values, but ignore the cynicism felt by the young over the high levels of chicanery and verbosity they find in adult talk. The one-way discourse of the teacher and text merely convinces the young that it is pointless to open up in front of adults, and knowledge has no meaning beyond examinations.” Indeed, it a wonder that inquisitiveness formal education.

As was highlighted in National Curriculum Framework, focus on experiential acquisition of knowledge, plurality of pedagogic material and greater teacher autonomy needs to be undertaken. Mere theoretical knowledge will lead the students to one level only, but how far that is enough to restore the individual and national facets of the economy, is a matter of grave doubt. Afterall, education is a preparation for life and living. The educational planners need to get themselves educated of the premise that ‘children are the capital of nation and more mindful of Albert Einstein’s dictum: “I never teach my pupils; I only attempt to provide the conditions in which they can learn.” India can do better to revive the spirit of inquiry and enterprise in education. As discussed by Prof. Sumit K. Majumdar (‘Education reform, a better bet than quotas’; The Hindu Business Line; May 17, 2006), while the idea of India being the knowledge economy of the future is a wonderfully seductive thought, it merely anaesthetises us from the reality of hard work that serious ‘root and branch reforms’ entail in the education sector, specifically in primary and secondary education, for India to be taken earnestly as a global player in the knowledge economy.

Higher(Ed) Hurdles

Popular media entities are fixated with the fat salary packages received by select elitist institutions , an infinitesimal fraction of India’s youth, even while the grim prospects of millions of government college graduates receive inadequate attention and support. Consider this: Kerala, India’s HDI poster boy for UNDP has 40-lakh level of educated unemployment, a reflection of alarming fall in education quality (‘Nap on HDI scores may land Kerala in an equilibrium trap’; The Financial Express; April 4, 2005).

For every super successful IIT/IIM pass out, we have literally and factually thousands of boys and girls groping about for an inadequately paid job. Very often the students are overindulged in theoretical knowledge hardly backed by a solid instruction in experimental tools and techniques.
The society and economy at large look to universities and other premier higher educational institutes to provide leadership in every aspect of life, more specifically in economic development. But despondently, a great majority of institutions are in disarray and fail to deliver. **Consider this:**

The IIM-Ahmedabad, the premier business school in India, ranked 64th on the list of the top 100 B-schools in the world, does not figure among the top 200 business schools in terms of research conducted in the discipline (‘IIMs score low on research front’; Gaurie Mishra; Business Standard; April 7, 2006). One can literally count on one’s fingers, the amount and efforts undertaken and / or achieved by major public institutions, specifically created for empowering India by acting as catalysts of changes and facilitators of radical thinking. There are 265 universities in India, almost all of them under government control. Only about 25 of these are of any good. The remaining rarely bring out an employable graduate (‘A hot summer of envy’; Gurucharan Das; Times of India; May 21, 2006). Thus, the canvas is quite obvious that when we talk about the primary and secondary education, we do not have anything at the right place; and when consider higher education, the hopelessness is even more downright. Thanks to blossoming of first rate research institutions owing to Nehruvian socialism, little by little, the conventional Indian universities have been consigned to mere teaching activities institutions with research activities entrusted principally on the recently established research institutes. But this thanks-giving is restricted to only few institutes. Most of the pioneer institutes neither follow the globally accomplished experiential learning modules, nor do they develop any self-sufficient model that can make a mark either on academic excellence or in terms of economic revitalisation. The study of economic history and business evolution in any developed economy will validate the strategic importance that the nation has accorded for academic excellence. But in case of India and its overall education education system, it was never a reality, perhaps not even an ideal either. There is also a case wherein the present egalitarian higher education suffers from poor quality considerations. In the opinion of The IIPM Think Tank, a prudent step should be taken up by the policy makers to opt for a universal and state-sponsored primary and secondary education (with passable sufficient levels of apprenticeship and vocationalisation) and paid (user-charged) quality higher education for select deserving few.

**The Price We (Don’t) Pay**

Tuition fees in general have remained almost unchanged for close to 50 years. Currently, the fees charged by majority of the public institutions is meagre. **Consider this:** Nearly Rs 3000 crores are spent by the youth for the entrance examinations of the seven IIT’s and the top 20 management schools of India. Nearly Rs. 40,000 to 50,000 crores per year is remitted, directly or indirectly, for the 2,80,000 Indian students studying overseas. This amount is sufficient to build 20 IIT’s or 50 IIM’s per year. Rs 3,000 cr per year is spent by nearly 6,00,000 students trying to arrange and learn for the entrance examinations into the 7 IIT’s and the first 20 top IIM’s and Management Institutes. Selection rate is hardly 1.2% against nearly 10% to 15% in Ivy league colleges such as MIT, Harvard, Cambridge & Stanford. Why should we pay only $45, per month, as fees in the IIT’s and depend on hand outs of the GOI, when our youth must pay $ 2000 to $3000 per month fees, in equivalent Institutions in the USA and UK? (‘State of Education’; NEP Paper Presentation; Spring Summer 2005-2007; The IIPM, New Delhi). In light of this information, the educationists need to

“If you think education is expensive-try ignorance”

- Derek Bok
continually revise the course and allied fees.

There is a massive demand for quality education, more so in case of neglected groups. Consider this: even poor rural dalits are spending Rs 200 per month per child in the hope of ‘convent’ education. (‘Can merit and social justice be compatible?’ Jayaprakash Narayan; The Financial Express; April 21, 2006). In an affirmative fashion, state should come to aid the poor, meritorious and other socially backward students. This is not to be done by decreasing the performance standards, but by taking out the best of their talents through an increasing provision with grants, soft loans, endowments, freeships, robust scholarship schemes, training facilities, textbook libraries, orientation programmes and other schemes. The same line of reasoning was mentioned in The Economic Times editorial (‘Booster points, not quota’; May 25, 2006), wherein the State could apportion its educational outlay—that should be significantly increased—for a wide range of scholarships. That would drive institutions to compete with each other to draw scholarship bearing students. This sort of healthy competition would raise by and large quality standards as well.

Way back in 1994, there was an idea of constituting an educational development bank to remove the educational loan scheme from the realm of Indian commercial banking system. Although, Central Advisory Board of Education (CABE) approved the idea, albeit in the form of Higher Education Finance Corporation, nothing much has happened afterwards. Also, the existing student loan scheme needs drastic overhauling. It has failed in terms of increase in access, specifically of poor but meritorious students and increase in quality. As opined by Prof. JL Azad, former chief of Planning Commission’s education division, (‘Student loan scheme needs drastic overhauling’; The Financial Express; August 03, 2005) the loan schemes do not favor ‘meritorious and economically weaker’ candidates, have no waiver facility and demands collateral security. All these anomalies need immediate correction.

Public Ends, Private Means

Thanks to ever increasing role of private sector, there are emergent concerns about the quality of academic inputs and outputs. Research evidence available with The IIPM Think Tank features that education is reduced to a status of commodity. As expressed by Sitaram Yechury (‘Let’s caste our net wide’; Hindustan Times; August 25, 2005), in the larger interests of the nation and the people, it is imperative that these institutions adhere to specific socially accepted norms which must be part of the inclusive effort if the country to balance the triad of quantity, quality and equity in Indian education. These three facets compliment each other and are not in conflict, as is erroneously perceived. At this juncture, a look into cross-country practices (China and Singapore) gives good insight. Consider this: The CII paper points out that (‘More jobs, not reservations, key to development, says CII’; The Financial Express; June 13 2005), China has made nine-year compulsory education universal, and has a moderately developed middle school, university and vocational education. As a result, the Chinese workforce is made up of a large number of high quality young technicians, who span manufacturing sectors across the globe. Also, not like democratic India (where quotas and unctuousness are the politicians’ means to settle grassroots concerns), Chinese foremost strengthened the schooling plinth of the knowledge pyramid (‘Killing softly: Merit and social justice’; Hindustan Times; April 18, 2006). Similarly, the Singapore Government, in order to encourage local entrepreneurs, has allowed futuristic local start-ups to submit tender proposals even if they do not possess any track.

“All men by nature desire knowledge”

- Aristotle
The Kerala model, in which the state supports even privately-managed institutions to a great extent and students or parents have some degree of choice seems to function better, on a comparative basis. Fine-tuning this version to enhance parental choice and direct fund flows to schools that perform (contingent basis), whether state- or privately administered, is an alternative worth considering.

Miss Schooled

Education ushers a world of wisdom but it cannot and does not exist in isolation. There are a host of factors that engender illiteracy, which have deep social reasons. There is a circle that connects education to standard of living, status of women, polity and stage of economic development, degree of urbanisation, economic security, religion, general values or ethos and public policies. The most important contemporary issue relates to the education of females. Consider this: Census 2001 points that the education till the secondary school level is one of the most compelling instruments to decrease total fertility rates, specifically, in areas where fertility rates are higher and the female literacy rates are lower. Factors relating to income levels, dependence, early marriages and prejudices have a telling effect on girl education. Continuous education (learning and training) are indispensable for economic equality and independence. Mriddusmita Bordoloi of Indicus Analytics indicates that (‘It’s better to educate girls’; Business Standard; November 01, 2006 ), over and above these social and health implications, educating females beyond elementary schooling has the increased probability of increasing the per capita personal disposable income significantly, that will automatically have a direct impact in accelerating the growth in India’s national income.

“Ultimately, education in its real sense is the pursuit of truth. It is an endless journey trough knowledge and enlightenment. Such a journey opens up new vistas of development of humanism where there is neither scope nor room for pettiness, disharmony, jealousy, hatred or enmity. It transforms a human being into a wholesome whole, a noble soul and an asset to the universe. Universal brotherhood in its true sense becomes the sheet anchor for such education. Real education enhances the dignity of a human being and increases self-respect. If only the real sense of education could be realised by each individual, and carried forward in every field of human activity the world will be so much a better place to live in.”

- Dr. A.P.J. Abdul Kalam

‘Mission of education’; The Week, March 19, 2006
As India is inclined towards modernization, there is an increasing need for equality amongst male and female; accordingly, this translates into equal business and occupational opportunities for all. Based on these facts, it is vital to put equal stress on the educational services of both sexes for this will insure that females and males perform their tasks professionally and adequately. Many uneducated women and girls, when they bring up their own children are blind to educational opportunities. That is how even the rural youth, to a large extent, stays far behind the race of the educational growth, which again curtails and hampers their economic growth, with every possible fear that it will continue generation after generations. Juxtaposing female education with other interventions, as is the emerging policy perception, is fruitful to socio-economic developmental interests of India.

All Work And No Childhood!

The Census of India 2001 points that there are close to 12.7 million working children in India, while estimates offered by several NGOs speak of figures three to four times as high. Children are forced to work long hours, frequently as bonded labour, in stone quarries, agricultural fields, brick kilns, construction sites, illegal factories, as domestic help and on the streets of metros for mere survival. Child labor in India is often linked to the unavailability of schools and poor quality education. For example, a study of 450 families in Varanasi district found that 90 percent were involved in saree weaving. Although an estimated 2,000 children in the area were between ages five and fourteen, only one school was run by the local municipality. The school had enrolled eighty-two students and the school’s only teacher expressed his inability to absorb more students.98 In another village, there were about 1,200 to 1,300 children in the community, but the only local school was capped at fifty students—the rest of the children were working (‘Failing Our Children: Barriers to the Right to Education’; Human Rights Watch). The disturbing exposure by the search operations on zari units in New Delhi shows that almost 500 children were housed in shocking conditions is only the tip of the iceberg. Reaching children who fall outside the purview of administrative records warrants singular policy interventions like incorporating a child’s rights perspective in budgetary allocations and targeted capacity building in impoverished communities (‘Invisibility makes them vulnerable’; The Hindu; December 29, 2005).

Article 23 of the constitution prevents children to work in hazardous industry and Child Labour (Prevention and Regulation) Act, 1986 is based on that. However, usage of the word ‘regulation’ implies the government’s tacit admission and acceptance to the existence of child labour. A child not being allowed to study because of child labour should also be considered as an infringement to his Fundamental Right to education. On the rural front, education can prosper by aligning education to the income of the rural households. Thus it is strongly argued that SGRY, EGS, ICDS should be amalgamated with SSA. Parents’ obligation to send their children to school should shift from Article 45 to Article 21A. Additionally, as mentioned by Parul Sharma of Centre for Civil Society, New Delhi (‘Numb and numbers’; Hindustan Times; March 31, 2006), Article 21A of the Constitution, (which affirms free and compulsory education to be a fundamental right) does not take account of children below the age of six years. The State has as much of a duty towards these children as towards those in 6 to 14 year age-groups. This measure will eliminate the current flaws in SC or ST Tuition Fee Reimbursement Scheme in states like New Delhi etc; where in benefits accrue only from class I onwards. (For more information, please do refer the previously mentioned article in The Hindustan Times). There are sufficient talks on pilferage and corruption at all levels and layers of state provisioning. Effective use of information technology, satellite technology and other e-governance interventions coupled and complemented with private sector services in rural
and small towns can be explored and efficiently implemented. The role of mass media in this facet is very an imperative one. The extant role that the popular mass media has taken up is either coloured or biased, and very undemocratic. Popular mass media should enable both the citizens and the policy makers to engineer and execute the apposite interventions, build up common consensus and common maximum drive towards socio-economic development.

**Agenda For India**

A society having a long train of underprivileged citizens would definitely lead to social tension, violence, law and order problems and socio-economic backwardness. It goes without saying that equity and social harmony can not be delinked. Need is thus for expenditure allocations beyond 6 percent of GDP (as mooted by Tapas Majumdar Committee Report) and efficient provisioning (delivery) of the same. In fact, if one were to discount other variables like leakages and systemic corruption, cost-escalation over time, this figure is not viable and expenditure needs to rise above 8 percent of GDP (The State of Education; NEP Paper Presentation, Fall Winter 2006-2008; The IIPM, New Delhi).

‘Education’ as an issue might appear trite and an over explored phenomena to many, but the mere existence of our identity is based on that. India has to be reborn this time with vigour, energy, originality and with a smile on the face of every individual. The IIPM Think Tank directs the immediate attention of the State to the undermentioned:

- Scale up of primary education, specifically in

**The Centre can’t continue to feign as if the 86th Amendment has never taken place. With elevation of elementary education as a Fundamental Right, no expenditure can be incurred by superseding elementary education, on a cause that is not a Fundamental Right. The same Govt. that claims lack of resources for the Right to Education has no qualms in liberally providing resources for staging the Commonwealth games in 2010 — the cost is estimated to cross Rs.80,000 crore. Further, according to the NPAs Report of the RBI, the Centre wrote off bank loans worth tens of thousands of crores owed by corporate houses. Neither the Commonwealth Games nor writing off loans given to corporate houses constitutes a Fundamental Right of India Inc.”

- Anil Sadagopal, 'Centre’s move places education at risk'; The Hindu; September 26, 2006
“We make a mistake when we talk in either-or dimensions. The country needs all of it. And my biggest regret in some ways is that. Take the IITs. In 50 years, the IITs have barely doubled. For a country that aspires to grow at the pace we want, it’s choking the opportunities for our young people... If there were 10 time more IITs or IIMs, there will be opportunity for everyone.”

- Rajat Gupta
McKinsey’s ex-MD in an interview with Shekar Gupta on NDTV’s 24x7’s ‘Walk The Talk’

rural areas
● Attenuating the teacher absenteeism
● Most advantageous student participation in class and non-class activities
● Promotion of critical livelihood skills through vocationalisation
● Strengthening the regulatory infrastructure and competence

So as a polity and society, education enlightenment is sought for every person not only for making him a better individual but also as better citizen of our country. The voice of reason needs to reign supreme. To cite Mahatma Gandhi: “What is really needed to make democracy function is not knowledge of facts, but right education.”

Don’t give fish. Teach them how to fish
Someone once aptly remarked that a mind is a terrible thing to waste. Yet, poor children from deprived sections who are as brainy and sharp as others, almost never accomplish their potential, for opportunities of vertical mobility are shorn of. And an immense portion of India’s gene pool of our society is wasted. Consider this: According to Kumud Bansal, outgoing Secretary, Department of Elementary Education, there is an overlap between the districts with more than 50,000 out of school children and districts with ST and SC population. Many of these districts have a big retention problem; the dropout age is between 11 and 14 (‘FM underlines resolve for reservation policy’; The Economic Times; 2nd May 2006).

The connection between education and caste is not always linear, as pointed out by Aali Sinha and Laveesh Bhandari of Indicus Analytics, New Delhi (‘Backward education’; Business Standard; November 30, 2005). The educational planners need to appreciate that caste-based deprivation may be experienced in the form of poverty and low social status as well. This specific deprivation results in a relatively low probability of children hailing from these groups doing (attending) school; and increased likelihood of dropping out. Please do refer the tale detailing the proportion of out-of-school population in the age group of 10-19 years. Overall educational attainment is impossible without better performance of the SC and ST children. This requisites us to devise some policy innovations, that are non-homogenous and discounts all special or unique considerations of this target population.

‘Cess’ And Suc’cess’!
Bharat Vakharia points that during the past two years, the Government has been collecting education cess worth Rs.3,200 crores or above. The State has failed awfully in utilising proceeds so far. Akin to transferring the disinvestment proceeds to National Renewal Fund ( mooted by UPA Government); an analogous arrangement can be ideated, wherein the cess is used for educating backward class students (‘A dedicated
cess’; The Economic Times; May 03, 2006). The Business Standard editorial (‘Disaster, unreservedly’; Business Standard; September 07, 2004) mention that the cess on central taxes that the Government is collecting from year 2004 must have a significant share allocated for provisioning access to children from the very sections that are the intended beneficiaries of extended job reservations in the private sector. Both of these ideas sound plausible and can be executed by the state, rather than quotas. The CII paper (A strategy paper for affirmative action by industry) states that the unemployment problem is exacerbated by the fact that the supply of unskilled labour is high, and therefore, the working wages are low. On the other hand, the demand for specific skills is very high, and often unmet (More jobs, not reservations, key to development, says CII; The Financial Express; June 13 2005). While the tertiary sector appears to be bearing the brunt of this skill deficit, the manufacturing sector (secondary sector) is also facing grave shortage of skilled manufacturing hands. Patently, human resources are emerging as the most serious constraint to India’s economic growth. Of late, India Inc.’s wages and salary costs are rising in a steep fashion, risking the competitiveness. It is this variance that needs to be tweaked through apposite interventions in the education sector.

Help The Poor Help Themselves

The IIPM Think Tank argues that the backward classes continue to suffer from deprivation owing to limited purchasing power resulting from their cyclic or recurrent loss of caste-based occupations involving specific skills. As the rapid and dynamic technological forces have eliminated the need for many of these variants of skills, it has caught some select sections of society (little education and awareness) totally unqualified to leverage the globalisation forces. This very factor can also be attributed for the ever accentuating rural-urban divide, where India’s masses have been deprived of knowledge. But will the members of deprived castes ever acquire the skills needed to become recruits in modern work places? They are, they can and they must (‘Revive the anti-caste agenda’; TK Arun; The Economic Times; April 27, 2006). And the state can facilitate the whole process in a seamless fashion. Even after the previously mentioned disasters (rural

“Nearly 94 percent of the youth ‘drop-out’, between class 1st to class 12th. The balance 6 percent seem to have only seven options for further studies, i.e., Arts, Commerce, Science, Law, Management & I.T., Engineering and Medicine. Out of this nearly 84 percent opt for Arts, Commerce and Science, which in today’s economic scene may not be very relevant. That leaves only 16 percent of 6 percent or about 1 percent of the total 29 million who prepare for a formalized education-employment plan. This needs to be changed, as the focus of education should also be to assist and help the balance 94 percent of the population who do not make it past the 12th Class.”

- Krishan Khanna, founder & Chairman of ‘i Watch
mind matters

“If then a practical end must be assigned to a University course, I say it is that of training good members of society. Its art is the art of social life, and its end is fitness for the world. It neither confines its views to particular professions on the one hand, nor creates heroes or inspires genius on the other. Works indeed of genius fall under no art; heroic minds come under no rule; a University is not a birthplace of poets or of immortal authors, of founders of schools, leaders of colonies, or conquerors of nations. It does not promise a generation of Aristotles or Newtons, of Napoleons or Washingtons, of Raphaels or Shakespeares, though such miracles of nature it has before now contained within its precincts.”

- John Henry Newman

urban divide, etc), presently the importance and relevance of Vocational Education & Training (VET) and enterprise skills education has not been fully appreciated and implemented by the planners and educationists. VET, an alternative for thousands who find no place in higher and technical education centres, has been left to its own means. In most developed economies nearly 95 percent of the youth between the ages of 15 to 25 years, learn a trade or a skill or a competence, in a formal manner. In India this figure is less than 1 percent. Nearly 5 percent to 7 percent of the population should be taking some sort of VET program at any given time and this would translate to about 50 million to 70 million people per year. What’s more, this vocationalisation at secondary and higher-secondary level has its merit but devoid its decisive linkage to both chains i.e. quality education at primary levels and congruence with industrial requirements, it will turn out be a dark horse.

Caste is Past!

As has been argued by TK Arun, (‘Revive the anti-caste agenda’; The Economic Times; April 27, 2006), the material prospect of people moving out of their traditional occupations was quite limited, given the static nature of the old economy, at that moment. That is varying, and swiftly, at the moment. Structural diversification of Indian economy opens up new careers alien to the traditional caste-based division. Additionally, brisk industrialisation and urbanisation hold the key to thorough subversion of the caste-occupation correlation. There is a great need and shortage of skilled, semi-skilled, partially skilled and unskilled persons from all over India. India Inc. is in dire need of trained manpower on a war footing basis, propelled essentially by the expansion plans. Consider this: A case in point is the Reliance Industries Rs 27,000 crore Special Economic Zone in Jamnagar in Gujarat. It is in the process of establishing a facility (Craft Training Institute) to train up an estimated 8,000 welders, 5,000 carpenters, 5,000 pipe fitters and a few thousand grinders and millwright fitters. Also, the Small Scale Industries (SSI) is fragmented and is in critical need of technological and managerial resources to attain global competitiveness. Pro-active industrial apex bodies like CII has pitched in this area and has already started skill upgradation
work in some areas like Shillong, Macchilipatnam, Pravaranagar, Baramulla, Srinagar, New Delhi and etc. The other apex bodies at state and district levels can take a leaf out of this successful experiment and scale-up the industry-friendly vocational education programmes.

**Regulatory Calamities & Lost Opportunities**

In a country with over one billion population and in a dawning knowledge economy, it is hard to believe that only 9 percent of the relevant age group between 18-23 years is enrolled in higher education, as compared to about 40 percent in developed countries. This should be reason enough for us to feel embarrassed at our extant education system – the very edifice that holds up steady and sustainable economic growth (viz. demographic dividend) and an underpinning for human values. To promote more people to opt for higher education in the country, we need to drastically increase the numbers of Universities, colleges and technical institutions. Currently, 80,446 Indian students are enrolled in the US universities alone. Every year India sends 18,000 to 19,000 students to the US—the highest among all countries. (‘Indian grads on fast track to US varsities’; The Financial Express; May 3rd 2006). Regrettably, the Ministry of HRD seems to be least concerned and is happy to let its finest brains migrate to foreign shores, for higher studies and consequent employment prospects. What then are the key reasons leading to such a derelict state of affairs? Some may argue that it is the better opportunity which beckons a graduate to move westward, while others may feel it as the inefficiency in our present educational system to hold back such talents (specifically in research related affairs). It is the lackadaisical attitude of the GoI in creating a sustainable quality framework and attendant regulatory support for higher education. Looking at the surging demand of quality manpower for the Indian economy, and comparing the same with the number of students given admission in the so called approved or accredited institutes or colleges, one would wonder how, we as a nation, can dream to grow the way our fore-fathers wanted us to? If we look back couple of decades or so, we would observe that due to the incapability of the GoI to fund higher education (as against its renewed thrust upon primary and secondary education) in the areas of science, technology and management sciences, not many new departments or colleges were sanctioned. The gap was instantaneously (and fittingly) filled up by private institutions that flourished throughout the country. Interestingly, these self-financing institutes not only offered quality course offerings

“Finally, much of what goes as state policy is a product of the overriding concern of the education bureaucracy, namely state control in as many ways as possible. Not just in approvals for institutions, for the ways in which history should be taught, but very much for ways in which every aspect of the process could be regulated—almost as though, having lost the public funding nature of the policy, they need to control the sector through increasing regulatory complexities. And hence such a policy (reservation).........”

- S Narayan,

‘Not reservations, this policy is about statism’; The Financial Express; April 12, 2006
“The total government control over higher education has produced a scandalous state of self-denial and man-made scarcity. We believe our advantage in the global marketplace comes from our superiority in technology, mathematics, sciences. Can we do that on the back of 5,000 IIT graduates per year? It might be sobering to look at some global comparisons. The MIT alone takes as many undergraduates per year (4,000) as all of our IITs. Harvard Business School alone takes 900 students every year and Harvard Law takes 1,800 — almost 400 per cent of our NLSUI of Bangalore.”

- Shekhar Gupta,
‘My seat, mai baap’;
Indian Express, May 27, 2006

but an avant-garde infrastructure, apposite mix of experienced and bright(young) faculty ensuing in continual creation of employable human capital, satisfying (in some cases, gratifying) the emergent and world-class needs of ‘New India’.

Archetypal of GoI and in a ‘Rip Van Winkle’ mode, the educational planners, at this instant realised that all these institutions, needed to be regularised. Hence, the Parliament passed the AICTE Act, 1987, thereby handing over powers to the council to administer regulations and curb the growth of these centres of excellence. As highlighted by Hema.V.Raghavan, educational consultant and dean, students welfare, University of Delhi, super bodies like AICTE and the UGC are highly bureaucratic and prescriptive. The institutions to suffer the most in the hands of the Council have been those private institutes that were proffering courses in engineering and management areas. They were asked to get their diploma courses affiliated under a UGC approved University, before they can get an AICTE accreditation to continue delivering their service offerings. Today, we have in India higher quality programmes in the private sector than the number of MBA programmes offered by university run and university affiliated programmes. Their prodigious performance is reflected in career management services. In any case, campus placements of 20 private schools compare much better than any of the 153 universities except one or two. Consider this: The knowledge capital, physical capital and industry interface in nearly every university and affiliated college – including several affiliated to Indraprastha University (New Delhi) - do not compare genially with any of the top 20 privately run B-schools. Job opportunities being international, there is a dire need to proffer a world class and updated curriculum for all parts of country, at all levels, as is being undertaken in private universities. Now contrast this with that of any public university’s curriculum (if it does exist, accessible and taught, of course). Unashamedly, an awful case of regulatory failure, wherein it has more economic costs than benefits to stakeholders!

Policy Peccadillo
There are many conspicuous structural rigidities and policy imperfections. Prof. James Tooley reports that AICTE’s land and building requirements and stipulations (at one point of time there was an enormous 325-page tome of Norms and Standards) were out-and-out tactless and inconsiderate. For instance, all engineering and technology colleges
must have a Student activity centre—for ‘indoor games, gymnasium, dramatics and alumni centre’, allowing 0.25 sq. m. per student and a parking stand for cycles and scooters—an open or covered area, at the rate of 15 per cent of the plinth area of the college building. With land sparse in urban areas and thanks to builder mafia, can an institution without a playground of prescribed dimensions be legitimately set up? The same sort of logic is extended to setting up other institutions as well. Each of Delhi University's 79 colleges is located on an average of eight acres of land - a whopping total of 632 acres. The same institutions remain non-operational for two months in summer, for two weeks of examinations and on most of holidays and even working days. N.S.Ramaswamy, a former Director of IIM Bangalore, writes that ('Need for capacity utilisation of facilities'; The Hindu; May 28, 2006) institutions like IITs and IIMs operate only for about 180 to 200 days a year. It is feasible to extend them up to 300 days or further. Classes in India begin only after 9 am or in some cases, even afterwards. Even in economies characterised by severe cold conditions, classes commence at 6 am. and continue up to 10 pm. He opines that it is possible to have two shifts in higher education system under current conditions, thus expanding the supply with the existing physical infrastructure.

Any one who has reasonable familiarity with business or engineering education in India would find it hard to deny that it is not viable to run a good business or technical school with proper infrastructure and properly remunerated requisite number of faculty even if they charge Rs. 1 lakh per year per student, if the student strength is less than 300 to 400. In most of the cases, universities do not allow privately run business schools to charge more than a quarter of that amount and limit the intake to 60 to 120 candidates. The present policy of AICTE thus guarantees the perpetuation of substandard programmes and schools. Visit any popular chat rooms or blogs and other web resources concerning higher education, it is common to find many posted messages that talk about AICTE ‘approved’ courses in some new colleges being organised in marriage halls and make-shift buildings but they were never queried by anyone. **Consider this:** A report of the Comptroller and Auditor General of India states that, each of the 171 new institutions that were audited failed on one or more pre-requisites of the AICTE. Over the last five years, the AICTE has approved 1,829 new institutions. Of these, only 171 were audited. The CAG report charges AICTE with subverting its own procedures. Why then should AICTE have reservations about opening its door to autonomous private initiative? Should education perish even as the regulators thrive? Endorsement by Indian and global companies is decisive and AICTE affiliation is mere representational and figurative.

Commenting upon the governmental planning, Walter Lippmann remarked that, (page. 38, The Good Society, 1956), “The predominant teachings of this age are that there are no limits to man’s capacity to govern others and that, therefore, no limitations ought to be imposed upon the Government. The older faith, born of long ages of suffering under man’s dominion over man, was that the exercise of unlimited power by men with limited minds and self-regarding prejudices is soon oppressive, reactionary, and corrupt. The older faith taught that the very condition of progress was the limitation of power to the capacity and the virtue of rulers. Men may have to pass through a terrible ordeal before they find again the central truths they have forgotten.” We at **The IIPM Think Tank**, deem that this observation as well suits the current planning process in the higher education sector. At present, India is second only to China in the number of students exported to the US institutions for higher education. With 54,000 students studying abroad, there is only a remote possibility that only a very small percentage will return to their home country and put their knowledge to use. There is no doubt that more students will go elsewhere if higher education in India continues to fail them in
India is turning classroom to the world!!!

There are globalisation and liberalisation drives in business and economy. But there is none in administration of the education sector. In fact, it has become much more difficult. Many newspaper articles are abounding with data and information about how it is it is easier to travel to "communist China" to do research than to travel to "democratic India". It takes a research scholar all of 24 hours to get a visa for research work in the US and Japan, while it takes three months to get visa to India. Urmi A Goswami of The Economic Times reports that, in 1992-93 there were 12,765 international students, nearly a decade later in 2003-04 there were only 7,745 international students in the country. Compare this to 60,000 international students enrolled in Chinese universities in 2005, a quantum jump from 22,755 in 1995. The 8,000-odd international students are spread over 227 university-level institutions. Of these, 171 are conventional universities including 32 institutions for specialised studies, 37 institutions provide education in agriculture, 38 engineering and technical institutions, and 10 are open universities.

The GoI should limit and restrict its role to that of provisioning the requisite and healthy measure of competitive intensity that is critically wanting in the current structure. India can beef up its systems, as China, Malaysia, Britain and Singapore have been doing. World class accreditation standards, significant academic freedom, scientific rating and transparency norms, as an alternative to the mindless licensing and regulatory practices, will inflate opportunities vastly. In addition, state institutions and other centres of excellence should significantly scale-up capacity to meet the burgeoning demands of higher education for an emerging economy like ours.

Socialist Stagnation

The higher education system is in dire need of a new-fangled approach. Throughout the last five decades, the majority of the efforts have been messy in the facets of organisation and management. Old set of laws persist. Education Commissions have mainly narrowed themselves to proposals found on idealism and commendable aims. They have underplayed and disregarded the need for organisation and management aspects. Concurrently, the policy mandarins at Ministry of HRD need to open up higher education sector to foreign providers and to end public subsidies, without any unfavourable consequences for the quality and affordability of higher education services. Of late, an increasing number of Indian institutions are exporting educational services to other markets. Before now there is an overabundance of regulatory bodies duplicating each other’s roles. In course of attracting foreign and private players, what are required are more effectual registration and certification systems that thwart unapproved institutions from partnering, which defend and notify consumers, facilitate good quality foreign institutions to enter the Indian market, and which create a level playing field between domestic and foreign entities. Consequently, globalisation of education services (specifically higher education) should also be seen as a prospect and the GATS as a support to exploit this prospect. Vivek Bharati of FICCI elucidates that, through attracting foreign students, countries like Australia, UK, Singapore and etc. education perceive higher education as a means to establish job growth and higher income for their economies. Consider this: foreign students’ contribute 5 billion pounds a year to British economy (‘Blair pledges 17 million
for UK-India collaboration in higher education’; The Times of India; April 24, 2006). Australia earns more than $5.5 billion in revenues through international students, which means, it earns more revenue through trade in education services than wool and wheat (‘Australia eyeing more Indian students to bolster its ‘trade’; C. Jayanthi; The Financial Express; March 07, 2006). Education itself generated as much as $13.4 billion in export revenues for the USA in 2003 (‘The education export market’; Rajat Kathuria; Business Standard, April 06, 2006).

**Edge In Education**

Due to the sluggishness in the policy making, we are not losing not only the growth drivers of the economy (talented people) but also the greater job opportunities that the higher educational services create. **Consider this:** When it comes to public policy, socialist policies are advocated and when it comes to the children of the elite, capitalist education abroad is best. An estimated 400,000 Indian students are outside the country, spending at least Rs. 10 lakh each per year, marking for a total of Rs. 40,000 crore annually, or about $9 billion (‘Change the paradigm’; Business Standard; March 30, 2006). The Indian domestic market is sizeable and will permit advantages of scale economies. As described by Rajat Kathuria, (‘The education export market’; Business Standard, April 06, 2006), if the envisaged private enterprise dispenses quality, India could wean away some of this market from the other developed economies like the USA, the UK, Australia and etc. It has caught every leader’s consideration that Indians, specifically middle class, have a passion for quality educational services, a major positive feature and differentiator in the emerging knowledge economy: **Consider this:** — that is why even Condoleezza Rice, in trip to India, allocated some time to interact with Indian students. (‘Blair pledges 17 million for UK-India collaboration in higher education’; The Times of India; April 24, 2006).

The only exception to this seems to be the Indian leadership and educationists. We at **The IIPM Think Tank** consider that this is time when India can or should project itself as an education hub for other ‘knowledge-deprived economies’ like Africa. As has been observed by Prof. Rupa Chanda, IIM, that it is also worthy of note that there has been small or no foreign participation in higher education through franchises and subsidiaries, i.e., forms of participation, which are likely to yield greater benefit to the country’s educational infrastructure, given India’s capacity constraints. The allocation for higher education was just 3.2 percent of its budget and it had been steadily withdrawing from this sector. Even a country that is besieged to provision basic education to its young citizens cannot ignore its responsibilities towards higher or tertiary education. When primary or secondary education is universalised, it would obviously augment the pressures at tertiary level also. **Consider this:** In year 2006 itself, around 1.10 lakh students passed the CBSE XII exams from New Delhi alone. And on offer are less than 60,000 seats—in central, state and private universities put together. This means, for close to 50,000 students from Delhi (around pass-outs in 2006), the city offers no opportunity in higher education (‘Not enough college seats for Delhiites’; Hindustan Times; May 25, 2006). In light of this material strategic foresight, the Ministry of HRD need to accord strategic place to higher education. If the State can permit food processing, textile and infrastructure sectors to draw private investment, higher education sector also should not remain as an exception. It is also time to introduce tuition fees to recover at least one-third of the operating costs of all institutions. In case of higher education, the private benefits are very high (value for the recipients, in terms of the much larger lifetime income flows they receive). Accordingly, there is no economic case for subsidising this private gain. Simultaneously, **The IIPM Think Tank** calls for increasing the allocation to higher education to 1.5 per cent of the GDP, as against the extant
“Observing the Indian educational system brings to mind John Maynard Keynes’ skeptical definition of education as the inculcation of the incomprehensible into the indifferent by the incompetent. I would extend it by defining the Indian educational system as a structure created by the incompetent and uneducated to produce more of the same sort of people. It is a system which ensures its survival through self-replication.”

- Atanu Dey, ‘Indian Reservations’; May 08, 2006; http://indianeconomy.org

0.4 percent (2001), to accomplish and realise the Gandhian vision: “In a democratic scheme, money invested in the promotion of learning gives a tenfold return to the people even as a seed sown in good soil returns a luxuriant crop.”

Invest In Youth

As was highlighted in Business Standard editorial (‘Change the paradigm’; March 30, 2006), the modus operandi for building world class Indian universities is very much workable. The significant concern is to shift salary levels up to the mark where it is viable to invite the best minds to Indian academia. By their calculations, this would mean not more than a ceiling of Rs. one lakh per month, compared to a third of that today. Assuming that a university has 1,000 faculty members, it can thus be made functional at an expense of no more than Rs. 200 crore per annum. Another implicit assumption is that even if 30,000 students pay 20 percent of the cost (as the deputy chairman of the Planning Commission has preferred), each student ends up paying an annual fees of around Rs. 15,000 per study year. As only 6 percent of Indians are enrolled in the present university system, and all of them are therefore by classification part the elite, this amount must not be considered disproportionate, by any standard. If this system were to be backed up by dependable and fool-proof targeting of scholarships the needy and deserving, it will be an assured success. Conjointly, effective mechanisms must aim at involving and including the large masses of students armed with conventional degrees. Kiran Karnik, President, NASSCOM, ideates that (‘Initiatives per cent the knowledge economy’; The Hindu; July 18, 2005), faced with the low load on students in most under-graduate courses, a series of selective, parallel, skill-building subjects may be planned. ‘Soft-skills’ can be an essential/core part of the curriculum in all streams. The AICTE too, needs to be regularised, before they move on to regularise most of the institutes and in the process end up closing down many of them. Institutes should be given an appropriate time to present their case in front of the Council. Such impromptu actions would cause unnecessary panic in the minds of the students and their parents. AICTE should restrict its role to that of an unobtrusive, facilitating and promotional agent. The institutions need to look at governments positively and the Governments to look at nurturing good institutions to great ones, rather than stifling them with bureaucratic control. The answer is not in backtracking or hand-wringing, but more educational facilities and opportunities.

Squaring Off The Trinagular Linkages

If the education sector of any economy does not enjoy the ease of freedom and power of effective innovation, the entire economy suffers.
Allocating, Allocating, Adding Upto Nothing...

The Bharat Shiksha Kosh (BSK), the policy invention of the former HRD minister Murli Manohar Joshi, was announced at the first Pravasi Bharatiya Divas in January 2003, and instituted as a registered society in February 2003. The plan was to solicit contributions for purposes of higher technical and scientific education and research from wealthy abroad Indians and to create extra budgetary resources. The belief was that high net worth NRI alumni of IITs and IIMs would be glad to contribute large amounts as ‘gurudakshina’ to their alma maters. Instead of letting the contributor to decide upon donating to an institute of his/her choice, the State commanded that every external donor must route their contribution by means of the BSK that would in turn choose on for what and how the donation was to be employed.

Unsurprisingly, there was an incongruity as both contributors and the planned beneficiary institutes perceive in the BSK an effort to control the autonomy of the institutes plus to instruct education according to the rightist ideology of the then ruling political party. This measure resulted in the highly revealed (media exposed) pulling out of the proposed contribution of $10 million by IIT Madras alumnus Gururaj Deshpande to his alma mater, and redirection to Massachusetts Institute of Technology instead. Other IITs suffered likewise. So, what has been India’s loss has turned to be USA’s gain.

Even those persons that did not demur BSK as a device for mobilisation of resources, balked at routing them through State. In a very weird fashion, mandarins at Union Ministry justified the resolution to centralise donation on the argument that it was difficult to make a direct donation and that answerability/accountability could not be made certain! Expectedly, BSK could draw only Rs 1,651 from four individuals, none an NRI or a PIO, in the year and a half of its continuation. Lastly, with the change of government, donors were allowed to make donations directly to the institution of choice, with BSK being as good as obsolete.

As has been cogently argued by Pushpa Sundar, the BSK was a good idea but badly planned and implemented and therefore a non-starter. The problem really is in execution: the State does not have the frame of mind needed for making philanthropy, as also collaboration effectual. Philanthropy warrants vision, imagination and a readiness to bear risks on potentially engaging ideas. Merely constituting a Fund autonomous does not make it so if all else — measures and mindsets remain unchanged. Traditionally, philanthropy is society’s means of counterbalancing the market and state failures in order to satisfy particular social demands. The bottom-line is very simple State must entrust philanthropy in private hands pushing it to enhance state provision and scheming the flow of funds into most wanted arenas only indirectly by way of differential tax incentives and supplementary measures.

(Source: Adapted form an article titled ‘State philanthropy, an oxymoron?’ Written by Pushpa Sundar and appeared in The Economic Times; April 08, 2006)

Consider this: As has been highlighted by Hema V.Raghavan, our universities, IITs and national science centres have not produced a single Nobel laureate since 1930. C.V.Raman was the last Indian academic from India to receive the prestigious award, nearly seven and a half decades before. That nation might produce degree holding scholars, but how far can those scholars go and give a positive push to that economy by raising its manpower standard, is a matter of vital doubt and perhaps the scene is similarly dark in India’s case also. It is also appropriate to say that the passive education system has not helped institutionalise the innovation culture in Indian companies. All of this contributes to the great ‘talent deficit’ that India Inc. is presently facing and, as China is learning, can limit the country’s capacity to fully leverage the positive upshots of globalisation.
“In any education sector debate on reforms, it is important to realise that if knowledge is to equal economic power, then there is a need to create the knowledge creators who will then influence tomorrow’s student body. Given the current rates of pay in the Indian academia, that means enhancing salaries by a factor of at least ten.”

- Sumit.K.Majumdar, ‘Creating the knowledge creators of tomorrow’; The Hindu Business Line, October 20, 2006

Early Eco-Systems

Presently, the numbers of people at the highest level of research are truly not encouraging. Kiran Karnik deplores the fact that the research tend to irrelevant and repetitive (‘Initiatives for the knowledge economy’; The Hindu; July 18, 2005). Furthermore, India Inc. has, on the whole, fought shy of investing in R&D. Patently, R&D has to move beyond government sponsored tax breaks and develop into a mindset among all the stakeholders: the state, academia and the corporates. India trails behind much smaller economies like South Korea even in terms of patent applications lodged (‘A welcome change’; The Economic Times; September 02, 2004). In future, it is innovation that will propel commercial profits and nations into economic stardom. This calls for celebration of diversity, reduction of rote-learning in schools, improved laboratory facilities and novel examination and evaluation approaches. As an ex-IITian has observed, (‘Killing softly: Merit and social justice’; Hindustan Times; April 18, 2006), ‘we have to have our share of patents reflective of our knowledge repository, because advanced countries operate cartels driven by a barter system that runs on trading patents.’ There is a great disparity between the salaries offered to corporate professionals and research fellows. Consider this: In management sciences, while the salary differential is 45 per cent in India, it is only 20 per cent in the US (‘IIMs score low on research front’; Business Standard; April 7, 2006). At IIT Delhi, only 427 of the 571 sanctioned posts have been filled. The teacher-taught ratio has come down form 1:6 some years back to 1:9.5. Hardly startling, given the actuality that a fresh IIT pass out claims 2.5 times the earnings of a faculty member(Times of India; May 23, 2006). Other than the poor emoluments, a more worrisome feature/reason is the omni-present pessimism conerning the likelihood of reform, where every action is polarised and politicised (‘Deadening Routine’; Krishna Kumar; Times of India, September 05, 2006). No wonder the best scholars and intellectuals have fled overseas or conducting research jobs in the private sector. Some of our best students entering premier institutes like IITs leave for lucrative non-scientific jobs or go abroad after graduation. And if Ministry of HRD continues the obscurantist policies and practices, this drain will only increase in the upcoming period. This way scientific research loose its best talent. Organisations which are unable to provision salaries commensurate with the talent they admit are bound to see a gradual dilution of their brand equity. There are many ways to deal with this problem. As mentioned in the Economic Times editorial (‘Glory and disgrace’; The Economic Times; March 17, 2006), that trend could be counteracted largely by incentivising knowledge production. Indian higher education system, in its current fashion, privileges seniority above every one else. Promotion and pay scales of faculty are secured by means of legislation, which in turn has fostered a bureaucratic mindset and
The erosion in excellence is compounded by the three-tier promotion method: Merit-Promotion-Scheme (MPS). Educational consultants like Hema V. Raghavan points that this exists only on paper and no one is denied of the “legitimate” upward movement, with or without any quality research work as proof. The planners must, inter alia, democratise higher education. Hari S Bhartia, Co-chairman & Managing Director, Jubilant Organosys Ltd has outlined (‘Building India’s Innovation Capacity’; The Financial Express; September 18, 2004), the undermentioned interventions in reinforcing and building India’s research and innovation capacity.

- Students must be attracted into research at early stages. Undergraduate programmes must have more of research flavour in order to develop inquisitiveness and imaginative faculties.
- All top rated institutions must set aside positions for integrated and relevant programmes. This should help in roping in bright candidates to Post-graduate and Doctoral programmes.
- Students leaving the institution after Undergraduate (UG) programmes should be asked to pay full fees (through student loans). Most of them go for lucrative jobs hence have the ability to redeem.
- Modelled on the lines of Academic Councils, Research Councils need to be set up in universities to appraise quality, quantity and relevance of research work under progress. The relevance of research should be judged by its contribution to science or its relevance to industry through commercial success.

On a parallel basis, the state and industry need to swiftly abandon their utilitarian mind-set towards science streams. Reducing science merely to its applied characteristics and technology is largely responsible for Indian education system’s inconsequential role and impact upon global scientific output. Also, many of the India’s entrepreneurs have become fabulously rich in the recent periods and they are in a position to create endowments at institutions to supplement faculty salaries and other necessary resources, as is the case in South Korea, China and other economies (‘Creating the knowledge creators of tomorrow’; Sumit K. Majumdar; The Hindu Business Line; October 20, 2006). The IIPM Think Tank agrees with line of reasoning outlined in The Economic Times editorial (‘Change the pedagogy’; The Economic Times; September 30, 2005). There is an inadequate awareness of how a great deal of applied knowledge in modern days was at some time in the past basic science at its leading edge. The educationists should get over their disinclination to invest in research that does not generate faster pay backs. Or else, the claim to turn India into one of the largest knowledge economy and a “superpower” by 2020 would be in shambles. Alternatives can be judiciously thought of, restrictions can be eased and various policies can be reframed with an objective to leverage the growth of quality manpower for a resurgent India of tomorrow. As Diogenes Laertius has succinctly put it, “the foundation of every state is the education of its youth”.

Ignorance isn’t bliss
It’s bad business
health on the pill
"May be he is not well. Infirmity doth neglect all office Whereto our health is bound."

-William Shakespeare; King Lear (II, iv)

Sick With Apathy

Extensive macro economic literature points that there is a strong positive association between health and economic prosperity. It has been shown to be true for a wide array of health indicators and for many different dimensions of economic prosperity. Productivity of the physically strong and mentally sound citizens is undoubtedly higher and they add a greater value to the economy. But presently India seems to be at par with Sub-African economies in terms of dismal performance, featuring the cover pages of World Health Organisation (WHO) and World Bank literature wherein there are many disturbing pictures of its unhealthy and suffering populace. The National Common Minimum Programme of the UPA government warrants that the public spending upon health should be increased to 2 to 3 percent of GDP. There has been little action and achievement on this aspect, although half of the government period is ended. What’s more, the State is apathetic to the most awful outbreaks of vector-borne viral and new maladies. Consider this: Deadly dengue has already reported across 19 states, killing almost 4,000 people. Chikungunya has affected 1.3 million people in 11 states. A different fatal disease, Kala azar, prevalent in Bihar and adjoining areas, is testified to have assumed epidemic form yet again. Even malaria, which was nearly wiped out once, has staged a striking comeback, just as polio, despite the multi-crore eradication campaign. In the meantime, leprosy, tuberculosis, typhoid and a host of other contagious diseases have been having a free run (‘Public health fiasco’; Business Standard; October 26, 2006). Although India has vibrant and ever-
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health
growing pharmaceutical industry, as per the WHO's World Medicines Situation Report of 2004, it also features an estimated 649 million citizens devoid of essential medicines.

All Is 'Not Well' In India

Although life expectancy has increased to 64 years and infant mortality rates have seen a striking decline, critical public health problems continue. The mere accessibility and quality of health care in the public health system has deteriorated since the early 90s, even as care in the private sector is unaffordable, especially for the underprivileged, and time and again unregulated and irrational. The extant political economy of health care makes India one of the most privatised sectors in the world. NSSO data points that between 1986 and 1995, the proportion of persons availing hospitalisation in the public sector dropped from 60 percent to 45 percent. Simultaneously, the average cost of hospitalisation increased by more than five times in a span of ten years. Medical care has become exorbitant so much so that over 40 per cent of hospitalisation episodes are paid by obtaining loans or disposing productive assets. Approximately, two crore population is pushed below the poverty line on an annual basis owing to incapacity to meet medical expenses (‘Medical Nemesis’; Times of India; January 25, 2005). Many states show a massive pattern of deprivation, with only a small minority, especially the urban rich, enjoying equitable access to health care, even as an overwhelming majority is left out. Consider this: ‘India: Social Development Report’ by the Council for Social Development points that the rural urban disparity is still very high; the infant mortality rate (IMR) is only 40 in urban areas, as compared to 69 in rural areas. The Reproductive and Child Health Survey (RCHS) of 2003-04 points that the percentage of live births wherein the mother received trained assistance from health professionals during delivery was just 35.6 per cent for rural and 69.6 per cent for urban areas. Similarly, 28 per cent of rural deliveries take place in hospitals, compared to 61 per cent in urban areas (‘Poor delivery’; Mridusmita Bordoloi; Business Standard; September 20, 2006). As for regional disparities, on the one hand, there are states like Orissa, Rajasthan and Uttar Pradesh, with health indicators worse than those in low income economies. On the other hand, there is Kerala, whose health scene is quite good compared to middle and even high income economies.

There is another sort of inequality and inequity, albeit implicit and unrecognised as things go now. Women may be getting on par with men in many instances and realms of life, yet the access to health facilities, symptom recognition by clinicians and societal/public acceptance of sickness in women----all leave much to be desired. As of now, it is only infants and man’s health in a family which are prioritised. Women tend to neglect themselves, and even when they do not, the sense of urgency is relatively less (‘Women’s access to cardiac health care poor’; Abantika Ghosh; Times of India; November 09, 2004). As always, the low social status of women is a principal cause for the extensive incidence of anaemia----women customarily eat last in the household and undertake

“Without concerted and coordinated political action, the gains achieved in reducing the burden of infectious diseases will be washed away as a new wave of preventable illnesses engulfs those least able to protect themselves.”

-Richard Horton
‘Preventable epidemics’;
The Hindu; 06 October, 2005

...
“The first wealth is health.”

-Ralph Waldo Emerson

more repeated fasts than men, little realising that their nutritional deficiencies are passed on to future generations (‘The burden of anaemia’; Sumita Kale; Business Standard; May 03, 2006). Gender inequality makes women to feed better and more to the male child at the expense of the girl child. Also, as not all children are immunised against childhood diseases, they are susceptible to weight loss and weakness (‘Hidden Hunger’; Times of India; May 5, 2006). Consider this: Thanks to resource constraints, no more than 42 percent of children receive essential immunisation (‘Public health fiasco’; Business Standard; October 16, 2006). Likewise, there are many other poignant indicators that reflect the piteous conditions of poor and disadvantaged sections.

Quack State

For a large and vast economy like India, the health problems assumes many hues and shades. In a series of public hearings on right to health care, organised by Jan Swasthya Abhiyan (JSA), in all parts of India, near 150 shocking cases of denial of health care were documented by JSA organisations. These included cases of deaths of patients due to non-availability of anti-snake venom or other essential drugs; non-availability of doctors in health centres and hospitals leading to denial of treatment; callous and inadequate care during sterilisation camps leading to death or severe distress to women; lack of ambulance facilities, essential equipment or essential drugs; illegal demands for money from patients, and insulting, abusive and violative behaviour towards patients. The lack of adequate finances, infrastructure and staff, combined with lack of accountability of the public sector are the major factors responsible for such large-scale denial (‘Medical Nemesis’; Times of India; January 25, 2005).

Highlighting the imperative role of a combined response (public and private) in promoting public health, many a health economists and experts recommend that a minimum of 5 percent of the GDP of a country public investment be allocated to make health care available, accessible and affordable to all needy. Presently, it is at a dismal 0.99 percent of GDP, lower than even low income countries (1 percent) and sub-Saharan Africa (1.7 percent) (‘State of Health’; NEP Paper Presentation; Spring Summer 2005-2007, The IIPM, New Delhi). India is among the five economies with the lowest public health spending in the world (‘Medical Nemesis’; Times of India; January 25, 2005). Although policy makers in India opine that State has an active role, its profile is pitiable, as is conceded in the ‘National Commission on Macro-economics and Health Care Report’. The essential difficulty is non-existence of social insurance coverage, coupled with falling allocations on public health care, specifically in central sector and non-prioritisation (policy failure). How else does one explain the high incidence of anaemia? It is most untoward that such an incapacitating but highly preventable and inexpensive disease has been allowed to affect to such proportions. Research undertaken by Indicus Analytics, New Delhi puts the all India percentage of ever-married women of age 15-49 years who are anaemic stands at a mammoth 53.25 percent (for rural areas) and 45.35 percent (for urban areas). The productivity losses calculated by The Micronutrient Initiative, a Canadian NGO shows that India loses 1.27 percent of GDP annually due to this disease and this does not contain the social and economic loss from maternal deaths. The WHO estimates that in 2000, India led the world in the estimated number of maternal deaths at 1.36 lakhs (‘Poor delivery’; Business Standard; Mridusmita Bordoloi; September 20, 2006). The falling state expenditure on public health is showing a direct negative effect on young mothers and their children, as health unalterably related
to poverty levels. With inadequate or no access to family planning practices resulting in repeated pregnancies, together with emaciated mothers, it is a miracle that children survive death in their first five years in select regions/states of India. Consider this: Uttar Pradesh, Bihar and Madhya Pradesh account for over half the deaths and form 15 percent of the global deaths. (‘Generation hexed’; Hindustan Times; March 07, 2006)

Curing India’s Ill-Health

Increasing public health expenditure is critical, although along with economic strengthening of the health system, institutionalised accountability is indispensable. According to experts, India has been spending over Rs. 7,000 crores on polio eradication, since 1992. The budget has increased manifold in the previous three years---about Rs 1,000 crore on an average (‘With 30 cases in one week, polio resurgence feared’; Indian Express; October 26, 2006). Inspite of all these outlays and additional outlays, India is unable to eradicate polio and it has been extending the deadline for eradication every year. As conceived by Mr. Abhay Shukla, one of the joint conveners of Jan Swasthya Abhiyan (JSA), a campaign for ‘health for all’, (‘Medical Nemesis’; Times of India; January 25, 2005), present vertical, top-down and often donor-driven programmes need to be interchanged by decentralised planning interventions to identify and reach to the hidden and socially disadvantaged segments. The public health system will have to be made institutionally answerable to the communities it is held to serve, from the village level upwards; and monitoring would need to be assigned to gram panchayats and Civil Society Organizations (CSOs). There should be social audit that should assess the experience of the people service providers are intended to serve. This sort of specific and mindful scrutiny will bring in more responsibility, accountability, value for money and responsiveness. The decentralisation drive needs to be coupled with scale-up of other crucial and well-targeted governmental interventions.

As elucidated in The Hindu editorial, (‘Ensuring children’s right to food’; May 2nd 2006), in addition to strengthening the ICDS, (already discussed in education section beforehand), there is an essential and compelling need to provision children below three with supplementary nutrition (aside from the noon meal) and conduct counselling activities for young mothers child nutritional needs. The only remedial measure for nutritional deprivation is for the health economists to assign high-priority and attention to this concern.

Chance for Change

According to the research studies (‘State of Health’; NEP Paper Presentation; Spring Summer 2005-2007, The IIPM, New Delhi), the basic flaw in public health is the fusing of funding and provision. We at The IIPM Think Tank could not agree any more. The well-off still manage to consume three times more of public health than the poor! This situation is severely unwarranted and demands an urgent need to streamline the scarce public infrastructural resources to where private entities do not go: to key upon demand side financing, that includes voucher mechanism, in addition to social and community insurance. Consider this: Currently, a mere 2.3 percent of the total health budget is in the former mechanism and the insurance schemes were non-starters, owing poor risk pooling and logistics. According to Ajay Dhankar, Principal, Asia-Pacific Health Care Practice, McKinsey, private insurance is still over-regulated and it is hard for them to make profits. Social insurance is organised by the state -- but the same agency that collects the money owns runs the hospitals, making the whole thing illogical. The community insurance schemes tend to go bankrupt if there’s a catastrophe like an earthquake and etc. (Taking India’s Pulse: The State of Health Care; Knowledge@Wharton; March 30, 2005). Meenakshi Sangal and Kaushik Dutta of PricewaterhouseCoopers, ideate that (‘Healthcare: The price of well-being’; The Hindu Business Line; September 07, 2006) health insurance should
be made dominant for financing healthcare. This intervention warrants apposite modifications in the laws for rolling out a contributory scheme that addresses a large base of the working population through the social insurance route and organisation of the entire healthcare system, public and private, into a defined system that functions in accordance to rules and regulations, utilises standardised protocols for treatment and care provision, is subject to price regulation and is financed through pooling.

‘Get Well Soon’ In India

Although public sector is unpromising, India features one of the largest private-sector, individual-oriented health care facilities of world-class standards and attracts foreign patients. Right now, some authoritative and credible surveys put India among the top three destinations in the world. Of late, doubts and concerns have been raised about the unintended consequences of globalisation of India’s healthcare system and services. Aware of the fact that the positive spin-offs and spill-overs are a function of how well integrated (and managed) the domestic system is, many deliberations are evolving on the positions that it ‘commercialises’ a vital social good. Many a people have expressed apprehensions over the possible options of two-tiering and cream-skimming effects of medical tourism and foreign investments on the existing and functional system. The system might as well experience a duality with adverse misallocations, increased inequity, mispricing effects and cost escalation, all at a same time. Health economists advance the argument that there is poor availability in the public health sector and poor affordability in the private system.

At this juncture, The IIPM Think Tank agrees to the line of reasoning advocated by Prof. Rupa Chanda, IIM, Bangalore (‘The Globalisation of healthcare services’; The Financial Express; June 15, 2005). The policy mavens need to assess the appropriate causative factors, where in one has

HAPpening on health front

Thiruvananthapuram based organisation called ‘Health Action by People’ (HAP) has ideated a novel scheme where in health workers are made available on call, even in sleepy rural hamlets. Many hundreds of girls, drawn from Below Poverty Line (BPL) families have received training to collect the essential data of patients such as blood pressure, blood sugar, weight, height, body mass index, and etc. As per the version of Dr. CR Soman, the founder of this project, it revolved around a three-pronged objective:

Firstly, to encourage early detection of diabetes, BP, over-weight and other life-style diseases
Secondly, regular monitoring of patients, so that they can manage these conditions scientifically
And thirdly, referring the detected cases to local physician. The modus operandi is very simple: HAP recruits, selects, trains and retrains (once in six months) science students, after their completion of schooling upto +2 level and facilitates each one of them in getting a loan worth Rs.50,000 from SBI, to buy the requisite testing equipment, uniforms, mobile handset and connection and a moped. The HAP project aims to train 2,500 such workers in near future, wherein each one of them can earn around Rs.10,000 on a monthly basis.

(Source: Adapted from an article titled ‘Healthy initiative in God’s own country’; S Sanandakumar; The Economic Times; April 19, 2006).
to probe whether it is globalisation or underlying factors like under-funding, poor management practices, regulatory incompetence, furthered by India’s increasing exposure to world? An objective analysis, whereby public and private sectors need to be linked by means of technological, logistical, knowledge and human capital. Instead of undertaking many pro-active actions aimed at increasing the potential, the present government is involving in preparing a series of unwarranted visa policy regulations. Consider this: If a foreign patient wants neurosurgery he/she will get a quick visa but not if the same person wants, say, a nose job. Visa regulations also stipulate to tell a medical tourist not only how many can accompany, but also that they must be blood relations, making this entire process, an extraordinary folly (‘Incredible India’; The Indian Express; November 03, 2006).

State governments must monitor, regulate, and improve the quality of private-care provision through right policies and policy instruments, flowing from a new agenda to make India the new health destination, drawing on the economic dynamism unleashed in other allied service sectors (travel, tourism, IT, bio-technology, R&D services) by India’s enduring global integration. States like Maharashtra, Tamil Nadu, Kerala, Karnataka, West Bengal and others who have displayed certain health tourism capability should commit themselves entirely in the endeavour of promoting India’s status as a medical hub (‘Branding Health Tourism’; The Hindu; March 15, 2005). While doing all of this, the government should not fall in a trap like that of Cuba. Writing in The Hindu Business Line (Healthcare: The price of well-being; September 07, 2006), Meenakshi Sangal and Kaushik Dutta of PricewaterCoopers elucidate that Cuba has undertaken medical tourism to a level of being a principal conduit of foreign exchange. Although the facilities utilised by the dollar paying clients are avant garde, the medical services available to a common person is basic and sub-standard. So long as the system is kept in balance and control, this tertiary medical tourism services can as well subsidise and complement basic health services.

Also, it is not immoral and imprudent to seek out a big share of the global market for clinical trials. According to one US estimate, as quoted by Swaminathan S Anklesaria Aiyar, (‘The moral case for clinical trials’; The Economic Times; April 19, 2005) the market potential stands at $10 billion today and could rise to $26 billion by 2007. The cost differential of conducting trials in India is estimated at 20-60 percent of the cost in western economies. Low wage costs, low research costs, varied patient pools and etc. enable the continual and sustained outsourcing of these trials. In the opinion of The IIPM Think Tank, Indian policy makers and regulators are to immensely profit from this proposition, oblivious to moral arguments advanced by NGOs and other misinformed critics, involving several hitches and sporadic scandals. This industry proffers employment opportunities (estimated to be above 25,000) for clinical research professionals in the next five years. Also there is tremendous scope for service providers like diagnostic labs and data

“In nothing do men more nearly approach the gods than in giving health to men.”

-Marcus Tullius Cicero

Broken System

- 33 per cent of the world’s diarrhoeal diseases
- 25 per cent of the world’s maternal deaths
- 20 per cent of nutritional deficiencies
- 19 per cent of the world’s diabetic population
- 20 per cent of female cervical cancer cases
- 70 per cent of the world’s leprosy patients

(Source: Medical Emergency; Kounteya Sinha; The Hindustan Times; July 09, 2006)
“Health is the second blessing that we mortals are capable of: a blessing that money cannot buy.”

-Izaak Walton

management organisations (‘There is no second chance’; The Financial Express; April 22, 2005). To bring a new life for the sick and the ailing and in order to undertake trials with a large percentage of discounted cost factor (at about 40 percent). The need of the hour is robust regulatory practices backed by infrastructure, patent issues and data exclusivity (‘To err is human, to err knowingly inhuman’; Mahalakshmi; The Financial Express; April 22, 2005). Over a period of time, developing economies like India, which are exceptional not only in their populace but also public health predicaments, demand sustained and intense clinical research in order to engineer drugs tailored to their specific prerequisites and in course of which, cut down the cost of every new drug coming to the market (‘What drug price control regime do we need?’; YP Bhatia; The Economic Times; August 30; 2005). India is also in an advantageous position, thanks to its initial head start in BPO industry with medical transcriptions. Already some interesting work is being outsourced in medical outsourcing: in the areas of pharma genomics. Rather than involving in ‘talk-only’ attitude, the policy establishment must create a conducive climate and nurture this upcoming service sector. Or else, ‘Incredible India’ might have a whole new meaning!

Cause For Concern

Then there is the concern of variation among states, urban-rural divide and equitable access. As Dr. Salim J Habayeb, country representative to India, WHO, remarks, the experience in the states has been mixed with a spectrum ranging between strongly-performing states to low performing ones. There is a pressing need to tighten the programme interventions and outcomes in many assistance as well as proffering technical assistance. With respect to diseases like cancer, most of the state funds for the Cancer Control Programme are spent on medication facilities, rather than awareness and detection activities. No wonder, majority of the patients are in the last stages of cancer. As has been suggested by Reshmi R Dasgupta (‘Silence, like a cancer grows’; The Economic Times; September 02, 2005), the government should come to the aid of patients and their families who are tormented by doleful paucity of material information about various life-threatening diseases. Through the statutory means, if the state makes it obligatory for service providers to reserve one room for patients and their families to go with their queries, the current dribble of information can become a reassuring steady flow. For want of money-making proposition aspect, NGOs can pitch in and proffer their expertise and counsel on a range of diseases like AIDS, cancer, TB and more, in close conjunction with hospitals and other establishments.

Fever Pitch

Many research studies point that India is way behind developing a disease surveillance system that could detect the emergence of new bugs or re-emergence of a disease. On an annual basis, there are outbreaks of ‘mysterious fevers’ that continue undetected and undiagnosed. The Union Health Ministry equates mere stock piling of vaccines with thorough preparedness. Consider this: If the bird flu were to appear in India, would 100,000 doses be sufficient? Patently, in the wake of ‘media-hyped public health disasters’ like bird flu threat, threats closer home see so inoffensive. In fact, chronic illnesses are overlooked next to headline killers. Rather than involving in meaningless measures like stockpiling of vaccines, the state should focus upon immediate and grave public health threats.

“Health is the second blessing that we mortals are capable of: a blessing that money cannot buy.”
AIDS: Back To Prevention

K. Sujatha Rao points that (‘HIV cases in India rise to 5.2 million’; The Times of India; April 24, 2006), India is currently where South Africa was in 1990. But the country had then not bothered about preventive measures. That is why now, almost 30 percent of the population there is HIV positive. The same angst is shared by Subir Roy (‘Declare HIV-AIDS a crisis’; Business Standard; August 24, 2005), where in he points that the yearly level of fresh infections is not going down, as it has been even in a country like Cambodia. The killer disease has now spread from specific high-risk groups to the general population and from urban areas to rural India. The basic awareness about the disease is tried to be spread among the common mass, but it has failed to gain the acceptance and value that it supposed to. That is why the peril numbers are still high and by far India is also heading towards the dark phase that these African countries have been experiencing. Even the rural India also being victimised by the same lacuna holds our the picture of the general ignorance that prevails in the people’s minds about these diseases and their implications. The malady has to be tackled not at the broad level, in a conventional fashion, but at the micro level, making good use of vernacular languages and in economically backward and inaccessible regions, where the communication relating to awareness, prevention and lifestyle variations has to be undertaken. What India needs is much more than a Central Government sponsored mission, where a volunteer driven grassroots campaign is much needed. The prevention campaign has to focus upon three particular groups, namely those of migrant workers, truck drivers and sex workers. Migrant workers do not move for work to places where they do not know the local language nor have family. In turn, they visit sex workers and don’t have the right support systems to fall upon, when afflicted. And when they return native place, there is the risk of passing on an acquired infection to their spouses and offspring. Subir Roy quotes a statistic: 87 percent of truck drivers go for frequent and indiscriminate sex but only 11 percent of them use condoms (‘Declare HIV-AIDS a crisis’; Business Standard; August 24, 2005). Both for the migrant population and truck drivers and sex workers, campaigning to make use of condoms as a routine practice, remains the only effectual way of prevention. The common anti-condom notion among the migrant workers and the truck drivers has to be removed and a new belief has to be established about the usage of condoms as the only prevention. The faith on these preventive measures should not be limited to the sports and film stars. Rather, should reach all the possible levels where its usage is important yet needs are not felt.

In Sickness And In Chaos

Notwithstanding the subsidised medical education and robust public health infrastructure at about 79,000 primary health care centres, community health care centres and sub-centres, India lags behind its Asian counterparts chiefly due to staff shortage. As the private health care provisioning is totally commoditised and entirely unregulated, it raises serious questions of ethical practice. The cases of incapable persons rendering health services and masquerading as qualified doctors are well known. There is an immediate need to crack down on quacks and the prevalence of counterfeit medicines. Majority of the quacks in medicine thrive on shortage of medical professionals. Consider this: Public hospitals and clinics are understaffed by 15 to 20 percent. The condition in rural regions is worse. Working upon 2004 figures released by the Union Ministry of Health, McKinsey estimates a 38 percent shortage in health care staff. In absolute numbers, this amounts to about 90,000 workers (‘Staff shortage plagues health care’; The Financial Express; October 23, 2006). The key policy inference is that rather than boosting the key infrastructure, the state should also establish more colleges or other such training institutions to train more workers. According to the
research, low pay, poor working conditions and a lack of prestige/appeal are the key limiting factors which affect the career appeal, as a public health professional. The pay differential, that turns out to be as high as seven times, implies many public health doctors assign the greater part of their time to private practice. Naresh C. Saxena laments that they are often mired in a system where the incentives are weak, and political patronage is a way of life. Also, those who do serve are rarely monitored, the penalties for not being at work are minimal. Monetary rewards of emerging areas like those of medical tourism will definitely create an irresistible pressure on competent doctors. Inescapably, there will be an exodus of talent to the private sector. This is catastrophic in an economy where the cost of private health care provisioning is prohibitive for common man (aam aadmi). McKinsey suggests that financial incentives are the means to retaining all these professionals. A case in point is Maharashtra’s experience where doctors who focus solely on public health are eligible for a bonus equivalent to 25 percent of their salary. The early results of this intervention are “promising” and the cost of extending this programme to the national level at between $30-50 million a year. The IIPM Think Tank vehemently supports the idea mooted by Union Health Ministry, wherein all practicing doctors need to be retested on a five year basis, by means of reappraisal courses. Many a concern has been raised about this testing mechanism, in light of the scarce resources and infrastructure available with the governments. As has been elucidated in Times of India editorial (‘Only way to ensure quality medical care’; Times of India; March 19, 2005), the perceptible stands need not boil down to an absurd choice between outdated medical professionals and missing primary health centres. Here at any rate is a definite proposition that will revitalise the former in order eventually to profit the latter. Also, it is essential to provision motivational training to work force including Auxiliary Nurse Midwife (ANMs), supervisors and Medical Officers (MOs). This must be supplemented with insightful and encouraging education interventions established on two-way exchange of ideas between community and provider. Trained community level health promoters will act as the indispensable link between the citizens and the health services and will encourage effective use of the extant services. Correspondingly, cost-effective health interventions, specifically in conditions of mass deprivation, have been revealed by few distinguished case-studies, which needs scale-up and replication across India. A case in point is the Chennai based Kidney Help Trust. This institution has had significant success in executing an effective low-cost protocol for early diagnosis and treatment of hypertension and diabetes in the Sriperumbudur taluk of Tamil Nadu (‘State of Health’; NEP Paper Presentation; Spring Summer, 2005-2007; The IIPM, New Delhi).

More primary health centres to spot and treat diseases at initial stages need to be set up in rural areas. Consider this: 54 percent of the villages are five km away from the nearest primary health centre and 27 percent are more than 10 km away from it. Only 10 percent of the villages have a medicine shop and 20 percent a private clinic or doctor (‘State of Health’; NEP Paper Presentation; Spring Summer 2005-2007, The IIPM, New Delhi). Simultaneously, the state should make them fully functional and well-equipped. As mentioned in UNDP’s HDR 2005, one survey in Rajasthan’s poorest districts found poor households make use of private health services even when nominally free public providers were accessible. One reason: over half of all health centres were closed during period when they were supposed to be open. When facilities are functional, they often lack a qualified staff on site. For India as a whole, a survey found that 40 percent of the clinics lack a trained staff on site during the time of impromptu visits (‘India: the gap between rhetoric and reality...’ www.blogger.com; Frederick Noronha; May 13, 2006).

Thus at one hand India lacks in the presence of required infrastructure, on the other hand, when
the infrastructure is in place, there are not enough people to maintain that, forget not that general people’s ignorance about these availabilities is another vital issue.

A Shot In The Arm

Simultaneously, the Union Health Ministry need to keep a vigilant watch upon other implicit and hidden problems. Consider this: Rajvinder Singh Bains of the Punjab Human Rights Organisation (PHRO) laments that, more than two decades after the outbreak of AIDS, the Indian Government still has no official plan or guidelines for provisioning life-saving antiretroviral (ARV) therapy to children. In spite of the fact that we have a sizeable pharmaceutical industry, paediatric ARV medications are unavailable in state supported treatment centres. Additionally, there are many malpractices undertaken by companies. Consider this: The cost of production of pack of 10 tablets of anti-allergic medicine cetirizine is just under Rs 1.50. Even if 100% mark up was added to cover other expenses and profits, the retail price should not exceed Rs 3. Yet all major brands of cetirizine like Cetzine, Cetrizet, Incid’l are being sold for Rs 28 to Rs 31 enjoying a whopping profit margin of 1000%! Ranbaxy sells its Stanhist-10 brand of the same medicine for just Rs 3 to retailers. This is not a solitary case. Similar profits are being made in virtually every medicine outside the price control regime. Most pharma companies boast of 20 to 30 % increase in their profits year after year. Not surprisingly as per Forbes list, 10 of the top 40 richest Indians are promoters of drug companies (‘What drug price control regime do we need?’; Chandra M Gulhati; The Economic Times; 30 August; 2005). What is the benefit of having a world class pharmaceutical industry if that fails to provide the necessary medicines to the suffering citizens? And at this juncture, the imperative role of the private sector warrants disproportionate attention. It goes without saying that the private sector participation needs to be augmented. The policy mavens must appreciate the fact that any policy in social sector is critically dependent on service providers who must treat their responsibility not as mere commercial activity but as service. In public health, an improved standard of governance is a sine qua non for the operationalisation of any health policy. Also, much needs to be done in the realms of preventive care and disease management services. As remarked by James H Henry, Global Health care Industry Leader, Pricewaterhouse Coopers (‘Perception of healthcare is changing’; The Economic Times; April 27, 2006), private insurers need to collaborate and there needs to be a programme around incentivising wellness. Worldwide, there is an remarkable movement towards pay-for-performance and direct cost sharing by patients which has confirmed to be an effectual technique to administer demand for health care services. The Confederation of Indian Industry (CII) has suggested that the West Bengal government should accord status of infrastructure to health care and doctors serving the rural regions become eligible for a tax deduction of 40 percent of their income, aimed at encouraging balanced and equitable developmental outcomes. In this way one can also circumvent overcrowding of medical care facilities (hospitals and doctors) at urban centres (‘Public provision is inadequate in W Bengal’; Financial Express; April 04, 2005). We at The IIPM Think Tank convincingly agree with this line of reasoning and stipulate that the same can be applied to all states for augmenting health rural services. With respect to urban public health, the observation (‘To catch a virus and miss the disease’; The Indian Express; September 16, 2006) of Siddharth Agarwal, Executive Director of Urban Health Resource Centre is very pertinent and actionable. For urban slum dwellers, accessing health services is not about physical distance but a hindrance of social access. To compound this problem, there are an increasing number of migrants, with additional slums always in the making. This population transports infective agents like polio virus and other diseases. Consider
this: 60 percent of urban poor children do not receive complete vaccination. So, in addition to the rural focus, there is an equally urgent necessity of addressing the huge and rapidly increasing (thrice as fast as the rest of India) urban poor that remains hideously under served by state endeavours.

Mistaken Modernity

Ironically, India has failed miserably in terms of leveraging Information Technology and telecommunications for health care. India needs common data standards. If one were to reflect upon the catastrophes like that of hurricane Katrina in USA, health care provisioning has severe glitches owing to paucity of medical records. Technology should be employed for electronic medical records (EMR) in order that there is reliability in health care provision modelled on the lines of United Kingdom. Presently there are problems when it comes to the legal recognition of EMR’s that needs immediate rectification. An integrated IT and medical relation will not only enhance quick accessibility of several data, it also will enable the authorities to measure and act upon the several large scale needs within a small time frame being absolutely sure about the need of the hour. Moreover, it will also help the common people in remote areas in many ways like, gaining access to expert consultations in super-speciality hospitals, all over the world.

And A Disease Never Waits

It is unlikely that a decrease in public health crises like cholera and typhoid outbreaks can be achieved devoid of attending to the primary task of provisioning socio-environmental determinants of health: nutrition, higher standard of living, housing amenities, potable drinking water, and sanitation facilities. The Planning Commission (its mid-term appraisal of the Tenth Plan), remarks that only 17 per cent of rural households have access to improved sanitation while in the urban areas, the deprivation figure stands at a whopping 40 per cent; 70 per cent of the population has no access to hygienic toilets. Against this backdrop, the significance of sanitation as a human development indicator cannot be overstated. As buttressed in The Hindu editorial. (‘Wanted: a sanitation movement’; The Hindu; April 12, 2006), the policy makers and health economists are not paying adequate attention to sanitation and water supply as the

'Sick'ening Affairs In The State

- ‘India: Social Development Report’ by the Council for Social Development says that number of hospital beds is a mere 0.7 per 1,000, compared to the world average of 3.3. The number of doctors per 1,000 population for the world is 1.5, while the figure for India is on par with the average of low income countries. In the public sector, it is just 0.2.
- The National Commission on Macro-economics and Health care report admits gross inefficiency in allocations under national health programmes, which account for over 70% of the central health budget. And there is significant under-utilisation as well. Households spend 11% of their non-food consumption expenditure on health and this is growing at 14% yearly---half of this on outpatient care. NSS data shows around 80% of households’ out-of-pocket expenses are on medicines. At the same time, states spend 70% of their health budget on salaries and wages, while the central sector is marked by declining capital investment!
- The drug industry spends an average of Rs. 1,10,000 per doctor per year in soliciting business (‘What drug price control regime do we need?’; Chandra M Gulhati; The Economic Times; August 30; 2005).
The groundwork of all public health services, lacking an integral and holistic approach. India faces the risk of poliomyelitis making great scale reappearance, as in 416 cases have been recorded in nine states, signifying 26 percent of the global whole (‘Tackling the polio crisis’; The Hindu; October 28, 2006). It is not astounding to note that a great number of them are reported in poor and deprived sections of the society. In cases where the anti-polio campaign has been successful, people still fell victim to polio, for want of nourishment and sanitation. Majority of the state governments have pursued weak policies in this matter and abandoned the elected local governments, according them a low stake in improvising the sanitation infrastructure. Full sanitation is not available even in metropolitan cities and their growing suburbs. Several research scholars maintain that urban India has fallen short in this field as the influential and relatively affluent middle class population (that complains of dirty streets and lack of hygiene among the poor), does not demand sanitation for all; it is financially capable to pay for clean water and health care; and it also has access to the scanty sewerage infrastructure. It does not, consequently, distinguish and realize the crisis. Neither have the trade unions felt that sanitation is a basic human need and accorded the requisite importance to it.

Way Forward

If India is to remain economically resurgent it will have to appreciate that it has a health crisis on its hand and battle it on the same footing by
decreasing the disease burden. It is essential that the public health system be revamped. The public health expenditure has fallen down from 1.3 percent of GDP in 1990 to 0.99 percent presently. Because of this, the ratio of public to private health expenditure has fallen to 1:4. The figures for our neighbouring economies, China and Pakistan stand at 2:3 and 1:3 respectively. Modern India (like other emerging economies) has dual burden of both communicable and non-communicable diseases.

Consider this: About 60 percent of the disease burden in India is due to non-communicable diseases and injuries. By the year 2025, 300 million of the world’s diabetics will be residing in developing countries with India’s contribution to the pool being no less substantial, according to reports of the Journal of Indian Medical Association. In the next 20 years, 57.2 million Indians will be diagnosed with diabetes, which is a significant rise from the 19.4 million cases documented in the year 2002 (‘State of Public Health’; NEP Paper Presentation; Spring Summer 2005-2007; The IIPM, New Delhi). India has begun to stoop, its broad shoulders experiencing the accentuation of these ailments. It is also an untruth that these ailments affect the rich and upper middle classes only (‘We will focus on life-style diseases’; The Economic Times; April 23, 2005). It does not matter which group you belong to, at least 4 out of every 10 women you know are probably anaemic. (‘The burden of anaemia’; Sumita Kale; Business Standard; May 03, 2006). WHO maintains that 80 percent of cases of premature heart diseases, stroke and diabetes could be prevented if their major causes such as unhealthy diet, physical inactivity and tobacco consumption were eliminated? WHO’s research (‘Preventing Global Diseases: A Vital Investment’) upon this aspect proves prevention is cheap in light of the diseases burden on a country’ medical system and their potential to aggravate poverty. India will lose $236 billion (‘Preventable epidemics’; The Hindu; 06 October, 2005). At this juncture, the Union Ministry of Health need to work in close co-ordination with Ministry of HRD. Awareness about health is very critical. Nothing will change, unless and until, health issues are included in the school curriculum, starting at primary level. In economies like UK, a doctor has to speak to patient about issues concerning addiction, effect of alcohol for at least two minutes. India can start following this simple and workable model, not calling for additional money resources. Creating awareness would decrease the cost of dealing with chronic conditions later on in life. The India Inc. should fulfill its social responsibility by allocating substantial resources to NGOs and making them accountable for effective results. At a time the themes of ‘India Rising’ and ‘India Everywhere’ are making international news, failure to venture and undertake all out to protect the most vulnerable sections among India will be morally reprehensible and socially unwarrantable. In the opinion of The IIPM Think Tank, there is too much hype about small successes and too little hope about the big picture. Since 1946, India has had eight major health policy recommendations (‘The Return Of The Epidemic’; The Sunday Indian; October 22, 2006). Bhore Committe 1946, Mudaliar Committee 1961, Jain Committee 1966, Kartar Singh Committee 1974, Srivastav Committee 1975, ICMR-ICSSR Joint Panel 1980, National Health Policy 1983 and National Population Policy 2000). None of them have ever been executed properly. Though the Finance Minister promised the implementation of National Rural Health Mission in the Budget Speech, not much has been ensued and followed. For a vibrant health care infrastructure, investment in social insurance programmes coupled with gainful public sector allocations and private insurance is warranted. Health is an intrinsic and basic human right, in addition to being a vital input to poverty alleviation and macro-economic development. If the State fails on its commitment to deliver the vital public goods, specifically health services, the implications for India will be grave.
tracking the poor's spoor
Recent times have seen the economy booming and GDP growth rates have been among the best in the world. Also at the same time, one in every five Indians experiences overt or covert hunger. Despite nearly six decades of independence, dehumanising deprivation (poverty) afflicts a vast section of masses. According to Amartya Sen and Jean Dreze, India’s brilliant development economists, “Hunger is intolerable in the modern world” in a way it could not have been in the olden days, as it is “so unnecessary and unwarranted.” (The challenge of food security in India; GianPietro Bordignon; The Hindu; October 24, 2006). India is a severe case of how food sufficiency at the macro level has not transfigured into food security at the household level. India has one of the highest levels of child malnutrition in the world, higher than most economies in Sub-Saharan Africa. Many research studies point that close to 80 per cent of the Indian population was living on less than US$ 2 per day. Hunger, casteism, malnutrition, untouchability, ignorance, insecurity, disease and deprivation are rampant all across the country. Alas for a nation about which, Friedrich Max Muller the German philologist, prominently remarked, “if I were to look over the world to find out the country mostly richly endowed with all wealth, power and beauty that nature can bestow---in some parts a very paradise on earth---I should point to India”. It indeed a matter of pity to look at the spectre of hungry bellies and jobless citizens as the evasive policy makers and armchair economists are involved in policy play and statistical jugglery, whereby there is a distortion and lowering of the poverty line. There has been a contention upon the exact definition and the constituents of

“Poverty is but the worst form of violence.”

- Mahatma Gandhi
“The lack of progress to combat malnutrition is damaging children and nations. Few things have more impact than nutrition on a child’s ability to survive, learn effectively and escape a life of poverty.”

-Ann Veneman,
  Executive Director, Unicef

The poverty stricken, political consensus however exists about their existence and that something should be done about them. Poverty is the whole of a range of variables that embrace not mere income and calorie intake but additionally access to productive assets like land and credit, nutrition, health care and longevity, literacy and education, safe provision of drinking water, sanitation facilities and other social infrastructural services. The National Council of Applied Economic Research (NCAER) survey of human development, which used a hundred of indicators, found that half of the rural population suffered from ‘capability poverty’, which means these people were healthy but lacked the capability to be educated. 57 percent of rural households do not have domestic lighting, 75 percent do not have access to tap water and only a low 33 percent utilise the Public Distribution System (‘One more year of poverty begins for the ignored Indians’; The Hindu Business Line; January 02, 2006). Presently, on the threshold of 60 glorious years of Independence, India is justifiably proud of its multitudinous achievements like the laudable success in eliminating widespread famines and the noteworthy increases in food production. Nevertheless, there is a long way to go before the vision of a truly food secure India is achieved. Consider this: A humungous number of undernourished — nearly 214 million — is enduring food insecurity. Varyingly about 40 million are vulnerable to natural disasters. Almost 50 per cent of children (mostly tribal and rural) are undernourished and stunted, 23 per cent have a low birth weight and 68 out of 1000 die before the age of one year (‘The challenge of food security in India’; GianPietro Bordignon; The Hindu; October 24, 2006).

The Poverty Predicament

Since the early 1950s, there have been several programmes to address the problem of poverty. The first was the launch of the Community Development programme in 1952, which aimed at integrated development at the local level through co-operation of people. While very few programmes attained limited success, others have had only an insignificant effect. S.D Naik profiles (‘Poverty, not just an economic phenomenon’; The Hindu Business Line; November 15, 2005) the trends in poverty into two distinct periods. The first, spanning the years from the start of planning to the mid-1970s, did not experience noteworthy decline in poverty ratios. But there was a substantial reduction in poverty in course of the second phase, across the closing quarter of the twentieth century. Persons from BPL (Below the Poverty Line) fell from a half to roughly one-quarter of the country’s

Percent of India’s poor and of population in 6 high poverty states

<table>
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<tr>
<th>State</th>
<th>% of India’s Poor in 1999-2000</th>
<th>% of Population in 2001</th>
</tr>
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<tbody>
<tr>
<td>Uttar Pradesh*</td>
<td>20.36</td>
<td>17</td>
</tr>
<tr>
<td>Bihar*</td>
<td>16.36</td>
<td>10.69</td>
</tr>
<tr>
<td>Madhya Pradesh*</td>
<td>11.47</td>
<td>7.91</td>
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<td>Maharashtra</td>
<td>8.76</td>
<td>9.42</td>
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<tr>
<td>West Bengal</td>
<td>8.20</td>
<td>7.81</td>
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<tr>
<td>Orissa</td>
<td>6.50</td>
<td>3.57</td>
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*including the districts in the newly formed states
population during this period. Economists have attributed this to the acceleration in the growth rate of the economy to 5.6 percent from 3.5 percent per annum during the first period. However, the pace of poverty reduction decelerated in the post-reform period despite GDP growth remaining relatively higher. This was mainly because of the deceleration in the growth rates of agriculture and rural employment over the past decade and the consequent increase in rural poverty. Of the 260 million people Below Poverty Level (BPL) in 1999-2000, 193 million were in the rural areas as against 67 million in the urban regions.

Against this backdrop, politicians have mastered the art of using public money as inducement for vote. Superficially, all these promises are meant to eliminate poverty. Except that the naïve and susceptible poor remain as vote banks and no meaningful reduction has occurred in poverty. What are worse than this is the administrative responses which are down rightly unconscionable. Consider this: A politician once described ants — which a famished community was reduced to eating — as a ‘dietary preference’. Remember Orissa chief minister Navin Patnaik describing mango kernels as the ‘traditional fare’ of the tribals of Bolangir? (’Cradle of Hunger’; Times of India; April 19, 2006).

Despite intervention by the Mumbai High Court and several welfare schemes, 670 infants died of malnutrition between April 2005—March 2006 in the Melghat tribal region in Maharashtra (’Hunger deaths rise’; Hindustan Times; May 4th 2006).

Out Of The Spotlight!

The battle against poverty not only remains formidable, but has now acquired new dimensions with the growing rural-urban divide and its concentration in the backward States of Bihar, Orissa, Madhya Pradesh and Uttar Pradesh (the familiar “basket case” as far as public social services are concerned). The share of these four in India’s rural poor rose from 53 percent in 1993-94 to 61 percent in 1999-2000. (’Poverty, not just an economic phenomenon’; The Hindu Business Line; November 15, 2005). In malnutrition, Madhya Pradesh at 55.1 percent and Bihar at 54.4 percent top the list but this is no way implies that prosperous states have well-nourished children. Last year, 1,110 children, below the age of six, are reported to have died in Thane district in Maharashtra; and while the causes of death are listed as pneumonia or other acute conditions, doctors say many of

‘One Land, two planets’

“India’s agricultural output was roughly $150bn last year. India’s IT sector produced almost $25bn, mostly in export earnings. India has almost 400 million farmers. In other words, India’s one million IT employees earned roughly 65 times more per head than India’s farmers. The phrase “productivity gap” is far too mild to describe the yawning gulf in output between rural and high-tech India. Another way of illustrating this gap is to compare India’s scientific and technological accomplishments to its rural living conditions, particularly in northern India, where most of the country lives. India has developed both nuclear warheads - roughly a hundred of them - and the short- and medium-range missiles to deliver them. It also has one of the most impressive satellite systems of any developing country. China and India are competing, somewhat hubristically, to get a landing craft to the moon by 2010. It might be a dubious way of spending scarce resources, but India is quite capable of meeting its deadline. Meanwhile, the majority of India’s women have to wait until after it gets dark before they answer the call of nature. Less than a third of Indian homes have an indoor toilet. Public toilets barely exist.”

(Source: Adapted from an article titled ‘One Land, two planets’ authored by Edward Luce and appeared in New Statesman; January 30, 2006)
these children suffer from malnutrition and in consequence, low immunity to disease and death. (‘India’s children: imperilled by hunger’; The Hindu; May 10, 2006).

Where The Farmer Reaps Despair

As pointed out by Mihir Shah, Honorary Adviser to the Parthasarathy Committee (‘A national authority for rainfed India’; The Hindu; Mihir Shah; April 19, 2006), for the first time since the mid-1960s, foodgrains production grew slower than population in the 1990s. While irrigated agriculture appears to reach a plateau, dryland farming has experienced inattention. The output of crops cultivated and consumed by the poorest of the poor like coarse grains, pulses and oilseeds and cultivated largely

Lowering Depths, Growing Pangs

- On desolate days when there is no grain in the house and no work, women, and sometimes entire families, go foraging for food. They gather grain fallen on fields that have been harvested or stale vegetables left waste after the village market. Some eat rats. The most dispossessed communities like the Musahars of Bihar and east UP search for undigested grain even in cattle dung and field rat excreta. The food that they gather, at times just a fistful, is boiled in a large pot of water, sometimes with chilly powder and salt, to create the illusion of plenty, and this is shared in the household.” (‘Hunger artists’; Hindustan Times; Harsh Mander; January 23, 2006)

- “...over the last 34 years, having lived and worked with the rural poor earning less than a dollar a day in India, I have ceased to be surprised by the incredible ignorance, stupidity and hype that’s generated to tackle extreme poverty. Ever so often, jobless politicians find themselves heading Commissions. There is no shortage of funds for travel and workshops’ preparing pointless recommendations and action plans no one reads or follows. But how many have actually involved the poor in the making of these action plans? Adviser to the UN secretary-general Jeffrey Sachs — with his promises of ending poverty — is just another one of the many getting his bit of temporary glory and he will fade away like Clare Short (remember her?) and her White Paper which promised the eradication of poverty by 2015. Poverty is big business today...” (Bunker Roy, founder of Barefoot College, Tilonia in an article titled ‘Freedom from poverty (expert)’; The Indian Express; August 15, 2006).

- Though no precise estimates are available, it is believed that the combined appetite of the rural and urban poor for credit stands around Rs 2,00,000 crore, against which a meagre Rs. 5,000 crore, as recorded in bank outstandings, is flowing through the system. (‘Seeking Higher Ground’; Saswati Chakravarty and Gayatri Nayak; The Economic Times; August 17, 2005)

- About 47 percent of children Under-5 years of age in India are underweight whereas China has reduced the number of underweight children by an average of 6.7 percent since 1990. The contrast between the two countries is striking: In China the prevalence of underweight children almost halved between 1990 and 2002, from 19 percent to 8 percent, while in India the annual rate of reduction since 1990 is less than two percent (‘Forgotten in India’s success story’; Vijay Dutt; Hindustan Times; May 3rd 2006).

- STs and SCs are among the poorest and constitute 40 per cent of the internally displaced population (‘India: Enabling rural folk to overcome poverty’; Lennart Bage; The Hindu; May 09, 2005). Close to 80 percent of the poor belong to socially-disadvantaged sections like SCs, STs and other backward castes.
in the drylands in reality declined and the growth rate of their yields decelerated significantly during this decade. In a policy environment wherein the state applied a whole gamut of instruments and interventions, (like banning export of agri-produce and allowed dumping of foreign produce, as also not permitting the movement, storage, processing and marketing of produce within the internal markets), the common agriculturalist has lost hope of agriculture ever becoming rewarding. Three-fourths of Indian farmers take home less than Rs 3,000 a month. That is roughly 60 per cent of the starting salary for a government attender! (‘Why farming has become unviable’; Harish Damodaran; July 27, 2006; The Hindu Business Line).

**Failure On Farm Front**

Over 20,000 farmers have committed suicide in India since 1995 (‘How two countries treat their farmers’; Sharad Joshi; The Hindu; May 03, 2006). Farmer suicides are multifaceted psycho-social experiences associated with economic distress and desolation, collapse of social support systems and psychological alarm and anxiety and are very often linked to prosaic public policies. Alternatively put, the primary motive to give up a precious life has varied on a continuum of causes, which are too intricate to be detailed out quickly, but some principal concerns include: continual increase in input costs (seeds, fertilisers, insecticides etc), absence of income support and risk mitigation mechanisms (insurance), flawed procurement systems, undersupplied infrastructural support and services, deficient extension services, dismal public expenditure levels, incomplete irrigation facilities (only a mere 40 per cent of the cultivated area is irrigated), recalcitrance to broaden the agri-research base, environmentally unsustainable farm practices, uncertain output prices, restricted internal markets, poor post-harvest value addition. As it happens, the Planning Commission’s agricultural growth target of 4 per cent for the 10th Plan is sorrowfully concluding with average yearly growth of less than mere 2 per cent.

“The IIPM Think Tank favours the idea of extending credit guarantees to rural money lenders, where in it might as well soften interest rates, reduce recovery pressure and for that reason pull down farmer suicides (For more detailed explanation, please do refer ‘Why not a safety net for the money lender?’ The Hindu Business Line, May 09, 2006). As analysed by Mr.V.Kumaraswamy, Vice-President, Finance, JK Paper Ltd., the money-lender is not to be blamed for all the rural suicides, as they irreplaceable and commercial bank will never supersede him or her. **Consider this**: The NSSO (National Sample Survey Organisation), 59th round data released in 2005 points that regardless of appreciable expansion institutional credit flows, the share of the

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“An estimate 80 million households are in need of micro-finance of which a mere 10 per cent are serviced. The combined appetite of the poor for credit stands at around Rs. 2,00,000 crore, against which a meagre Rs. 5,000 crore is flowing through the system.”

- ‘Microfin is up & rising’;
  The Economic Times; August 29, 2005

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“There are people in the world so hungry, that God cannot appear to them except in the form of bread.”

-Charles Dickens

Oliver Twist

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“The end of poverty is a choice, not a forecast.”

- Prof. Jeffrey D Sachs

informal sector (long-established money lenders and traders) in rural debt remains as excessive as 43 percent. There are also numerous other supporting evidences. As per the Indian Retirement Earnings and Savings 2004 data, compiled by the Delhi-based Invest India Economic Foundation (IIIEF), money lenders hold Rs 67,000 crore of the total projected credit outstanding from the earning population in the country, which is 19 per cent more than the retail assets of ICICI Bank (worth Rs 56,133 crore at the end of 04-05) and 28.3 per cent of the total credit portfolio of SBI and its associate banks put together at the end of 2004 (‘Debt Threat: The local Shylocks are still around’; August 29, 2005). According to his analysis, the usurious pricing is due to two sets of factors. The first is the poor quality of collateral, absence of right registration records and procedures and weak enforceability systems, owing to legal delays and judicial bottlenecks, in addition to low ticket size and the high unit transaction cost. The second is the embedded ‘premium’ as is reflected and factored into the interest rates charged for credit default or evasion. Unlike the insurance companies, rural money lenders can not mitigate their risks through geographical spreads and time spreads, owing to practical constraints like operations or presence in mere two-three adjacent villages, personal element in business failure and etc. In order to eliminate this particular quandary, the money lender can be taken into the formal credit insurance fold. For a low premium of, say, 2 to 3 percent, it may be viable to bring down their fear-induced default premiums in interest rates in a rather precipitous fashion. The Ministry of Finance, in conjunction with Ministry of Agriculture, should extend the credit guarantee scheme (likes of deposit insurance and credit guarantee) to the rural money lender. For a premium of mere 2 to 3 percent, the entity can reimburse 80 to 85 percent of loan failures, even with an upper limit of Rs.2 lakh. In course of doing this, the state might as well proffer rural subsidy in an apolitical fashion through reduced premiums or higher claim settlement ratios rather than the present practice of region and crop specific interventions, that are highly politised and many a times, wholly indefensible.

Nemesis At The Genesis

The schemes and policies taken should be issue and concern specific, instead of being driven in a knee-jerk fashion. There has to be a major rethinking in our policies for rural India. The fact that the delivery systems are weak, inefficient and leaking needs to be taken as the greatest challenge rather than an excuse for not doing enough. Most of these credit guarantee schemes are vaguely designed, narrowly focused and politically implemented whereas the issue deserves clarity, wideness and equality driven steps. The policies and programmes should aim at capacity building interventions. In most, these policies are not executed and wherever little they are implemented, majority of them die out due to the lack of further aids. For achieving poverty reduction in fullest sense of that term, planners should place empowerment at the heart of the projects and programmes, whereby the idea is to empower poor with the skill sets and assets they need to elevate themselves out of poverty. Also, planners need to appreciate the fact that poverty is a process, not an event. This translates into point that to comprehend this concern, it is insufficient to look at it and undertake to work out things in terms of just an isolated event. As has been splendidly articulated by Mr. Bunker Roy, (‘Freedom from poverty (expert)’; Indian Express; August 15, 2006), The IIPM Think Tank affirms that the present developmental paradigms fails to take into consideration many decisive variables: the incredible knowledge, indigenous skills, practical
tracking the poor's spoor

Paths to Prosperity

Building the case for a decentralised planning process (increased efficiency, better targeting and greater accountability), Prof. Govind Rao, suggests the undermentioned measures aimed at strengthening the service delivery systems and invigorating the implementation mechanism:

(i) clarity in the assignment system;
(ii) unbundling and consolidation of various central and state schemes into meaningful programmes to achieve the national goals;
(iii) a well-structured process of fiscal devolution to ensure adequacy of resources while retaining incentives to raise own resources; the system should enable speedy and timely transfers of resources to the level of government implementing the programme;
(iv) building the capacity of panchayats in the formulation and implementation of plans and raising resources efficiently from the handles assigned to them;
(v) benchmarking services to assess effectiveness in service delivery;
(vi) transparency in implementation and use of funds by giving publicity on the progress in expenditures and project implementation;
(vii) creating the information system detailing the resource endowments, demographic and developmental profile and fiscal data. All these are extremely critical to the successful calibration of participatory planning.

(\text{Source: Extracted from an article titled ‘Planning from below: The way ahead’ and appeared in Business Standard; May 02, 2006})

wisdom, community ownership, participation, partnership and cost-effectiveness that traditional communities everywhere maintain, identify and apply at local settings on a sustainable basis. It will call for no heavy and incremental financial capital resources. Concurrently, the policy makers has to catalog all the low-cost alternatives (interventions) that have been feasible as well as discontinue paying undue attention to the paper-qualified experts who can only imagine raising more resources and thus play into the hands of suppliers, advisors, vested interests, dishonest bureaucrats and criminal politicians. It is for no reason that F.A Hayek, the Nobel Laureate in Economics, referring to central planning, observed that ‘from the saintly and single-minded idealist to the fanatic is often but a step.’ Former RBI Governor, Bimal Jalan professes that (Pg-18; The Future of India; Penguin Books) tackled, public policy, ab initio, must guard against the emergence of coalitions of special interests by means of limiting governmental and bureaucratic powers. A case in point is the (loot) misappropriation of public subsidies undertaken by the farmers in Punjab and Haryana and Western Uttar Pradesh, wherein some of the richest farmers of these regions roam around in Mercedes, send their children abroad for higher educatio and marginal farmers in the other parts of India have the choice of either letting the moneylenders exploit them or suicides.

Prophylactic Policies

The IIPM Think Tank buys into the editorial of The Times of India (Plan for drought; Times of India; April 27, 2006). The Government, while addressing rural issues, should look into the nitty gritties of structural issues in agriculture and allied concerns of food and income security of rural poor. FCI (Food Corporation of India) must augment its stock by means of higher procurement and, if required, well-timed imports that do not injure the domestic farmers. In the previous year, thanks to FCI, mismanagement (specifically in wheat), many farmers were obliged to sell their produce to private traders. Wheat prices shot up; however it had neither stocks nor inclination to curtail the price strengthening. To top it all, imported wheat arrived during the harvest season, depressing market prices and serving the interests of private traders.
On one hand, the Union Ministry of Agriculture, in conjunction with other ministries must foresee the coordination problems with States in movement of food grains. On the other hand, the planners should appreciate the problem of ‘non-entitlement’. Indian economy has been self-sufficient for more than thirty years. Accordingly, food availability is not so much the problem as “non-entitlement” i.e., the capability to command food, as Prof. Amartya Sen has repetitively identified. The official poverty line is superficial since a far larger number than just the “starving”, perhaps 500-700 million need the resources, i.e, the purchasing power to purchase food and the allied services that can lift up the quality of their lives (‘Food for thought’; The Hindu Business Line; January 09, 2006). In fact, extant public policies have connection with John Peter Berger’s well known critical observation: "The poverty of our century is unlike that of any other. It is not, as poverty was before, the result of natural scarcity, but of a set of priorities imposed upon the rest of the world by the rich. Consequently, the modern poor are not pitied...but written off as trash. The twentieth-century consumer economy has produced the first culture for which a beggar is a reminder of nothing."

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**Being One’s Own Person**

Yes, India has a story to tell. The ambitious approach to exploit the unused entrepreneurial abilities of the poor has drawn rave appreciation from foreign entities and media like International Herald Tribune. Some of them showcase all of India’s gumption and successes of the Indian in varied arenas, that are mentioned here:

- In Kerala, bureaucrats work with the poorest women in a program called Kudumbashree, or Family Prosperity. The aim is to identify the women’s needs - from literacy and training to housing, health care and jobs - and to put them in charge of managing their own development. The women set up self-help savings groups, move on to microfinance and loans, and then establish their own micro-enterprises; the State assists them spot opportunities and proffers them training in areas like information technology and marketing. Thousands of enterprises have been nurtured, that include a data-processing company that has grown in two years to employ 20 people, to businesses involving beauty products, plumbing, catering services and garbage collection.

- In Gujarat, grand schemes are being directed by the Self-Employed Women’s Association (SEWA), a trade union, development organization and women’s movement, all combined together. The entity runs a bank catering to the financial needs of poorest women, backing the rights of the poorest workers, proffers literacy classes (and computer classes for teenagers), sponsors doctors in rural areas and organizes agricultural and textile cooperatives.

- In Mumbai, a millionaire property developer, Mukesh Mehta, ideates to make over Asia’s largest slum, Dharavi. The objective is to put up better housing by means of public-private partnerships and to raise the skills and equipment of the workers in region’s cottage industries, that includes potters to leather workers, and to provision them advice. The intrepid plan also aims to bring the rich into Dharavi without driving out the poor. The goal is to attract leading designers, doctors, cultural institutes and top schools, which in return for providing cheap or free services to the poor can use the facilities that are being built to provide much more expensive services to the rich.

(Source: Adapted from an article titled ‘India’s poverty: Help the poor help themselves’, authored by Kirsty Hughes and appeared in International Herald Tribune; May 09, 2005)
**Cumulatively ‘Counter-Productive’**

Prof. Govind Rao, Director, National Institute of Public Finance and Policy, New Delhi, laments that, (‘Planning from below: The way ahead’; Business Standard; May 02, 2006), even after fourteen years of statutory recognition of urban and local governments and mandating the constitution of district planning committees (DPC) to strengthen grassroots-level planning and co-ordinate resource allocation between rural and urban decentralised systems (Article 243 ZD of Constitution), development planning remains centralised. At a time when state governments protest against the Union Government for appropriating disproportionate resources and meddling in their affairs, they themselves decline to transfer functions, functionaries and funds in the lawful domains of regional institutions.

**Small Is (still) Beautiful!**

Given the abysmal spread of formal credit facilities, policy makers and rural development experts should focus upon ‘financial inclusion’ and ‘Livelihood Finance’. **Consider this:** In India, as per calculations undertaken by Tamal Bandyopadhay, 85 percent of India’s population do not have access to financial services in a cost-effective, transparent and fair manner. Over 70 percent of marginal farmers have no deposit account and 87 percent have no formal credit. Less than 2 percent of rural households can access loans from a financial intermediary to meet unforeseen financial expenses and the approval for such loans takes between three and six months, and that too after bribing the officials (‘State of Poverty’, NEP Paper Presentation, Spring Summer 2005-2007, The IIPM, New Delhi). We at **The IIPM Think Tank** call for main streaming of micro credit initiatives. As has been harped by Mohd. Yunus, Founder, Grameen Bank, Bangladesh, this measure helps create self-employment and puts each individual poor person, specifically women, ‘in the driver’s seat’ of their life (‘Global Poverty Beatable’; The Economic Times; August 29, 2005).

The rural and urban poor demand financial services, but the majority of them lack access to savings and credit delivery. There are typecasted perceptions—that the poor cannot save money and cannot repay loans and, so, have non-payment problems. Misguided by this myth, the standard governmental response is that it provisions subsidised credit and discount the significance of savings services. Marie Luise Haerberger and RV Ramakrishna (Microfinancing the poor: who can deliver best?; The Financial Express; January 01, 2006) tells that the example of the Government-sponsored Integrated Rural Development Programme (IRDP) in India and many other similar subsidised credit programmes worldwide point that they never really operate and scarcely ever reach the poorest and most marginalised. Research evidence available with **The IIPM Think Tank** and other popular secondary information sources point to the fact that savings, which are important as loans for the economically-active rural poor, continue to remain utterly untapped as the extant organised retail banking system does not reach this target audience. Saswati Chakravarty and Gayatri Nayak of The Economic Times call for an urgent need for micro finance to grow out of being only a credit delivery system to a full-rounded financial services system. As pointed out by B. Eichfeld, Former CEO, Citigroup, South Asia, (‘Reforms; So Close, Yet So Far’; The Economic Times; August 29, 2005), only banks, few RBI norm complaint NBFCs, or member-owned institutions are permitted to collect public deposits. The NGOs, non-deposit taking NBFCs, or Section 25 companies are incapable to provision legal saving services, although savings is an essential service for the poor. Funds collected by these institutions all through deposit services are relatively cheaper and permit MFIs to open out their credit operations by means of rotating client savings. Institutional norms need to be apposite to serving the poor and also posses’ supervision mechanisms to meet up the inherent challenges.
There is ample evidence pointing that the poor are ready to pay a viable price for services rendered. (As is well documented in current best sellers like ‘Fortune at the Bottom of Pyramid’; ‘Capitalism at the Crossroads’; ‘The 86 Percent Solution’ and etc.). The sectoral growth has been hugely restricted owing to lack of regulation. In addition to the near-overhaul in the operations of micro-finance institutions, standardisation and a comprehensive regulation of this sector is an imperative. Various aspects of this sector are being handled by different departments. This multiplicity has resulted in inefficiency and many institutions remain unregulated. Also, presently, all institutions function with an emphasis on credit delivery, unmindful of savings services. Many lack the benefit of economies of scale owing to a restricted number of outlets, which in turn, raises their operational expenses and so they charge higher interest rates on loans. This situation needs to be immediately addressed as well. Also, substantial funds are needed to be pumped into this system in order to increase penetration levels. The policy makers need to appreciate the fact that the huge capital requirements cannot be met through traditional means like grants, donations and even increased bank lending. There is a great possibility that all these institutions need to approach venture capitalists and other avenues in capital markets. All these trends and pointers call for proactive regulatory and policy stances aimed at greater legitimacy, accountability and transparency. Consider this: 70 percent of micro-finance sector is skewed towards the southern states of Andhra Pradesh, Karnataka, Tamil Nadu and Kerala. There is an urgent need to overcome regional disparities.

**Serving Farmers, Saving Lives**

The study titled ‘Operationalising pro-poor growth in India’ conducted by Prof. Tim Besley, Professor, London School of Economics, jointly with Prof. Robin Burgess has some instructive findings for Indian policy makers. Their analysis of 16 major states in the period of 1985 to 2000 found that almost 57 percent of the poverty reduction was driven by higher output per head in the tertiary sector. The manufacturing sector had a lower impact on poverty, a little over 18 percent, while the agricultural sector had made the least impact, 14.2 percent on poverty reduction (‘Growth better at reducing poverty’; Business Standard; June 9, 2005). But, occupational structure of the Indian work force points that the maximum number of them are employed in the agricultural sector. This corroborates the fact that any holistic developmental paradigm cannot succeed without an unfeigned accentuation of this specific sector, mindful of its employment generation capabilities.

**Ever’Green Revolution’**

Erstwhile green revolution, even though has improved the food grain availability, failed in terms of provisioning nutritional security. Then again, little has changed; if anything shortages

"It is not the size of allocations on pro-poor services alone that matters. Government of India transfers more than two lakh crore Rupees every year to the states. If even half of it was to be sent to the five crore poor families directly by money order, they would receive more than 50 Rupees a day!"

- Naresh. C. Saxena, Former Secretary, The Planning Commission
of essential food crops have become a recurrent affair, prices has skyrocketed to the end consumers, agri-imports have ballooned, and farmer suicides not subsided. There was no change into the pulses production (pulses are considered as poor man’s protein). Consider this: Decades of stagnant acreage at 20-23 million hectares, low yields at 500-600 kg/ha and irregular production (13-14 million tonnes) have resulted in a precipitous drop in per capita consumption of pulses. It is a gauge of the policymakers’ indifference and disregard of the pulses sector that five decades ago the per capita consumption of this commodity group was nearly 24 kilograms but presently is just a little over 12 kilograms, when in fact the output use ought to be over 17 kg. Even this number actually conceals the bias in intake patterns. The truly disadvantaged consume significantly lesser amounts (‘The pulses predicament’; The Hindu Business Line; May 25, 2006). Another contention has been that New Economic Policy (NEP) has made the rich richer and could not make a dent in the poverty figures. There has been an encouragement of many farming practices that are environmentally unsustainable in the long run, particularly in the states of Haryana and Punjab. At this juncture, Dr. M.S. Swaminathan notes that agricultural planning should take into account the environmental sustainability as well as the agro-climatic regionalisation. Caining the term “Evergreen Revolution”, he supplements his ideas with an example: “an acre under ‘Super Rice’ would result in a yield five to six times the present value of output, but the amount of inputs that would be required would have a severe repercussions on the environment. Loss of soil fertility among others would have disastrous effects on food security and ultimately poverty.” Consider this: Rural people in developing economies like India confront not economic poverty. They face ecological poverty, where there is the lack of an ecologically healthy natural resource base that is wanted for a human society’s survival and development. It is not the economist’s GNP that matters to them. It is the decline of the Gross Nature Product that matters (www.rainwaterharvesting.org). Additionally, as ideated in The Hindu Business Line editorial (‘The pulses predicament’; May 25, 2006), crop diversification — from wheat and rice to legumes that proffer attendant advantage of nitrogen fixation — has to be implemented and in this regard, pulses present an exceptional alternative.

Future Beckons!

The 11th Five Year Plan, scheduled to commence next fiscal year must make increased allocations and budgetary provisions for social sector. A 8 per cent plus growth rate with agricultural growth below 2 per cent is accentuating the urban-rural gap. An important issue to be remembered is that rural India has a very high percentage of landless or people with few assets. Most of these asset-less rural people are also devoid of any vocational skills/education, meaning thereby that there is virtually no hope of any worthwhile increase in their incomes. This section of asset-less, illiterate and skill-less people are a serious ‘barrier’. All the endeavours must be aimed at bringing the hungry, malnourished, and vulnerable within the ambit of human development, to change the course of their destiny and unleash their potential through opening a new world of opportunities. There is an immediate need to empower the rural poor with technological skills and interventions at different levels and also vital connectivities. As India surges ahead to take its rightful place in the comity of nations, The IIPM Think Tank look forward to the future with improved faith and confidence and a definite belief that hunger can be do away with.
labour lost unloved
India is presumed to be looking at and leveraging the ‘demographic dividend’, that has been bandied around quite a bit, wherein human capital everywhere across the world aging (which includes even China) and India with a median age of 24 years in the year 2001. Expert economists like Bibek Debroy points that (‘Old ideas for the young’; Indian Express; September 20, 2006) in certain East Asian economies, this demographic dividend added around two additional percentage points to GDP growth. Citing this, many planners are advocating that, over and above the existing savings and investments, human capital will propel growth rates to eight percent plus. But,

"An unemployed existence is a worse negation of life than death itself."

- Jose Ortega Y Gasset
“....... I also think that compassion and entrepreneurship are something very, very Indian. Go to any part of the world, and Indians, along with the Chinese, will be found doing something on their own. In fact, I think along with Brazil and the US, India has a great future, because of this high degree towards social entrepreneurship.”

- David Bornstein,
The Economic Times; May 21, 2004

this reasoning suffers from many a fallacy. And as G.K.Chesterson mentions, ‘fallacies do not cease to be fallacies because they become fashions’.

Labour Pangs!

Although the overall unemployment rate in India is roughly 9 percent, the larger cause for disquiet is under-employment and the higher rate of unemployment among the educated class (‘Minimum wage — key to the UPA’s employment programme’; Abusaleh Shariff; The Hindu Business Line; July 21, 2004). There is a double bind, here as well. As per the latest census indicate, the employment scenario has deteriorated, so much so that over a span of a decade, the number of unemployed has climbed four times: from 10.8 million in 1991 to 44.5 million in 2001. (‘Is India shining for the jobless?’; The Hindu Business Line; Ranabir Ray Choudhury; June 18, 2005). There is a school of thought, advocating that this is a transitional phase and the jobless will start waning once the resurgent India begins pulsating with activity. As an economic thesis (in academicia), this is acceptable for it pursues ‘conventional wisdom’ in public economics. But such arguments tend to perpetuate themselves on paper unless backed by a resolution by the appropriate authorities to transmute economic principles into practice. A lot more of underemployed rural labour is in dire need of absorption by manufacturing sector. As per the research evidence available with The IIPM Think Tank (‘State of Unemployment'; NEP Paper Presentation; Spring Summer 2005-2007; The IIPM New Delhi), Indian industrialisation process has been both unique and peculiar in that it had not been complemented with adequate transfer of workers from agriculture to industry. According to Ashok.V.Desai, who happens to be Finance Minister’s advisor in the period of 1991-92, this lack of substantial shift from agriculture to industry could be explained by the fact that India witnessed rapid growth whereby productivity was manoeuvred by technology variable than labour. There has been no substantial impact of industrial growth on employment. So much so

Jobs Ahead

Confederation of Indian Industry (CII) has enlisted indicative skills, which could be tapped and honed for ensuring employment. These are probable areas wherein training could be imparted:

- Travel and Tourism
- Hospitality
- Telecommunication,
- Computer and BPO skills
- Agriculture
- Horticulture
- Floriculture
- Small Businesses
- Garment and Hosiery
- Air-conditioning
- Hairdressing
- Health Community

(Source: ‘More jobs, not reservations, key to development, says CII’; The Financial Express; June 13 2005).
“In India, for example, we could step back from 7-8 per cent growth to 3-4 per cent growth very easily within five to six years if unemployment and underemployment is not addressed.”

- Ifzal Ali, ‘Asia faces employment crisis that could lead to social chaos’; Financial Times; April 28, 2006

that, a few years ago, when manufacturing started looking up, many commentators have observed and described it as a phase of ‘jobless recovery’. (India’s jobless recovery revisited; Abheek Barua; Business Standard; 2006). Draconian labour legislation motivated capital-intensive, labour-shedding investment strategies. The industrial sector is indeed reviving, but in defiance of India’s competitive advantage, its richly available labour pool. Employment exchanges are ineffective. Consider this: In 2004, a mere 1.3 lakh people got jobs of the 4 crore registered in 947 exchanges (‘No job is better than a temporary one’; The Economic Times; September 06, 2005). Unemployment among graduate (university) pool presents a strategic peril to social order and if this condition is allowed to continue, it could devastate the complete social fabric. Educational planners and university administrators have failed to comprehend that if a growth rate of 10 per cent or more in university enrolment is to be sustained, there has to be an increasing provision for job-oriented and self-employment courses. Consequently, the interrelationship between university enrolment and manpower prerequisites of India needs to be considered. Consider this: Satyabrata Rai Chowdhuri points that (‘Higher education need to adopt policy of selective admission’; The Statesman; August 26, 2002), the problem starts to have extraordinary significance in view of the fact that the rate of growth of university enrolment is twice the rate of growth of the national economy.

Facile Solutions

The periodic ritual of framing policies and sanctioning limits has stopped to add any noteworthy value to the well-being of unemployed. ‘Bureaucracy is the art of making the possible impossible’. Indian bureaucracy is no different. Consider this: The National Rural Employment Guarantee (NREG) Scheme (launched on 2nd February with an aim to provide at least 100 days of work a year to at least one person in a family) in the tribal-dominated district of Nawarangpur, seems to be failing in fulfilling its objectives as target population are still uninformed of the scheme. While the district administration maintains to register 80,246 families encompassing 2,02,399 people, only 69,595 persons were provided with job cards. Not a single job-card holder has been provided with unemployment allowance or jobs. Lack of coordination among different government departments and Panchayat Raj Institutions (PRIs) is resulting in the scheme not being projected properly in the tribal pockets. Even the sarpanches and samiti members in some interior areas are unaware of the rules of the NREG Act (‘Job scheme eludes tribals’; The Statesman; May 13, 2006). The story is same in other regions as well. In the opinion of The IIPM Think Tank, it is high time that the district administrations conduct workshops for the elected representatives of panchayats and officials to generate awareness about the scheme. Because no matter how many plans and policies that any government takes up, if they are not aligned and communicated properly to the right people, it holds no good. Unfortunately, this basic knowledge is missed out by most of the leaders, policy makers.
“A sword, a spade, and a thought should never be allowed to rust.”

- James Stephens

Groovy Jobs!

We at The IIPM Think Tank consider that, India, in particular rural India, calls for job multiplication, not mere poverty alleviation. A strategy paper for affirmative action by industry, prepared by CII quotes the successful and best practices of China and Singapore in provisioning productive employment opportunities (‘More jobs, not reservations, key to development, says CII’; The Financial Express; June 13, 2005). As per the details contained in this paper, education, skill development and a culture for entrepreneurship hold the key towards eliminating unemployment and provisioning sustainable livelihood for backward classes. Consider this: According to 1998 Economic Census, 45 percent of all enterprises in both rural and urban areas are owned by SC (Scheduled Casts) or ST (Scheduled Tribes) and OBCs (Other Backward Classes). The Census also points that though the growth of enterprises owned by STs has increased marginally in the eighties and nineties, the growth of enterprises owned by SC declined significantly from 3.42 percent to 0.4 percent (‘Education & skills bring real mobility’; Saikat Neogi; Hindustan Times; May 01, 2006). Lack of access to finance, i.e., financial exclusion of marginalised people is a major hindrance in creation of self-employment opportunities. As mentioned in the previous chapter (poverty), micro-finance can successfully solve this specific problem. No government has been able to solve the problem of poverty. In fact, all the governmental interventions have fittingly followed the Prof. Milton Friedman’s aphorism: ‘the government solution to a problem is usually as bad as the problem.’ Presently, the vital concern is to let loose the entrepreneurial spirit and to create business leaders. The State must create a level playing field and afterwards, get out of the way. That is what happened in Japanese and South Korean economies. (Quoted from Rajat Gupta, McKinsey’s ex-MD in an interview with Shekar Gupta on NDTV’s 24x7’s Walk The Talk). Ideating along this specific line, Jaithirth Rao, Chairman and CEO, Mphasis, quotes (‘Privatisate affirmative action’; The Indian Express; May 26, 2006) his friend Prof. Vaidyanathan from IIM Bangalore who says that the need of the hour is the “Vaishyatisation” of all of India’s castes. If India taps into the entrepreneurial skill sets of its citizens who revel in self-employment (India is a nation of hawkers and of farmers, both archetypal self-employed categories) the planners can fashion an explosion of productive capacity. India Inc. must commence an affirmative action programme in the organisation of its vendors, suppliers, dealers and distributors. This intervention must aim at entrepreneurs and self-employed from underprivileged backgrounds (with an ‘all-embracing’ definition of the phrase “underprivileged”). These persons will be role models and will in turn generate wealth and additional job opportunities. These individuals will not have access to unionised sinecures, but will need to contend against similar individuals and fulfill the demanding yardsticks.

Venturing Forward

According to Mr. David Bornstein, distinguished international authority upon the concept of ‘social entrepreneurship’, first and foremost, there is a need of organised research and in-depth study at universities in the area of social entrepreneurship. Even the celebrated ‘Grameen Bank’ model in Bangladesh was studied, and micro credit or micro financing has evolved over a period of time. Presently, this is happening but in piece-meal fashion, and it needs to be institutionalised.
“The crowning fortune of a man is to be born to some pursuit which finds him employment and happiness, whether it be to make baskets, or broad swords, or canals, or statues, or songs.”

- Ralph Waldo Emerson

For instance, all the areas like nursing, medicine, engineering, law and etc have some dimensions of social entrepreneurship in them. Secondly, the media has been uncaring about these entrepreneurs. These problems need to be quickly addressed.

Learning & Earning

Data collected in 60th round of National Sample Survey (NSS) points that a mere 3 percent of the rural youth in the age group of 15 to 29 years and 6 percent of the urban counterparts have undertaken a formal course of vocational training of any variant. In the opinion of The IIPM Think Tank, the unimportance attached with vocational education is the singular principal and indirect problem. Krishan Khanna, founder & chairman of i Watch, a citizen’s movement for Transformation of INDIA, laments that (www.wakeupcall.org), in few developed economies, about 10 percent to 13 percent of the populace opt for vocational education and training services, which is offered to population in the age group of 15 to 55 years. More often than not about 2,500 different courses are offered in nearly 15,000 modules. In contrast, the situation in India is very disheartening wherein, the policies even discourage rural artisans in honing their traditional skill-sets and competence, thanks to archaic regulations and policy environment fostered by the Ministry of Labour and employment. According to Khanna, most of the 300 million unemployed are not in true sense, not employable. A strong vocational base can help small and medium enterprises in tapping the global export markets.

Rural Mural & Urban Renewal

On one hand, there are not enough education or training programmes to make those specific sections of rural population employable, on the other hand, those who are employed, suffer a huge gap of ‘performance disparity’. The ‘performance disparity’ of rural and urban sectors during the current period demands that agricultural development must obtain greater attention. Since 1947, different political parties have tried their hand at provisioning inputs and technology to the agricultural sector. All of them methodically ignored the requirement for infrastructural services and guaranteed and gainful markets. This particular point has been well articulated by Sharad Joshi (‘Give farmers a real way out’; The Hindu Business Line; March 22, 2006). He reasons that this was not mere oversight. More exactly, it appears to stem from an adherence to a philosophy (paradigm) in the former Soviet Union which believed that low-priced raw materials and wage goods for industrial sector had to be provisioned by agricultural sector. Even reasonable familiarity and understanding of this sector point out that farmers, like all other entrepreneurs, are judicious people and plan their business choices taking into account the pros and cons and the economics behind it. In a policy environment wherein the state applied a whole gamut of instruments, for example, banning export of agri-produce, and allowed dumping of foreign produce, as also not permitting the movement, storage, processing and marketing of produce within the internal markets, the common agriculturalist has lost expectation on agriculture ever becoming gainful. Many find farming as rather non-fashionable and ubeneficial. Consider this: The National Sample Survey (NSS) discloses that as many of

Consider this: The National Sample Survey (NSS) discloses that as many of
“Unemployment, with its injustice for the man who seeks and thirsts for employment, who begs for labour and cannot get it, and who is punished for failure he is not responsible for by the starvation of his children— that torture is something that private enterprise ought to remedy for its own sake.”

- David Lloyd George

40 percent of India’s farmers would prefer to quit farming. The IIPM Think Tank concurs with the editorial of Business Standard. (‘Stop this tragedy’; Business Standard; May 03, 2006), that this is a very disturbing precursor, whereby numerous agricultural labourers, peasants and other rural populace will land up in urban slums, in search of new livelihood. Consider this: The latest Census data show that as many as 2.11 million people migrated to the Capital during the decade 1991-2001, second only to Mumbai’s 2.49 million among all “urban agglomerations. (‘For UP and Bihar, it’s ‘Dilli Chalo’”; Times of India; September 26, 2005). In order to circumvent this predicament, the state needs to make agriculture more profitable and risk less, all the same time. Measures like promotion of commodities trading, export promotion, provision of appropriate, timely and novel financial security, market intermediation, seamless institutional credit flows and etc. will go a long way in addressing the risk elements. At this moment, the five-point programme proposed by M.S. Swaminathan’s National Commission on Farmers, Chennai is also worth considering and implementing. This includes the much ignored concern of soil health enhancement; water harvesting, water conservation and continuous and equitable use of water resources; access to affordable credit and to crop and life insurance; development and dissemination of appropriate technologies; and improved opportunities, infrastructure and marketing regulations. Lack of adequate physical facilities is limiting India from gaining the maximum even from what it already has. Take the case of food processing sector. Compared with other Asian economies, only a small fraction of India’s fruit and vegetable produce is processed. Consider this: In the Coimbatore region of Tamil Nadu, the prices of vegetables such as tomato vary from Rs 20 to Rs 200 a basket. There is no processing industry worth the name and the produce is often allowed to rot. (Farmer’s Woes; Mison Mathew; Letters To The Editor; The Hindu; May 26, 2006). This industry has the tremendous potential for expansion and calls for addressing upon constraints that include cultivation of traditional varieties of agri-produce inappropriate for processing, weak infrastructure, dearth modern storage capacities, coordination failures and etc. All these problems warrant an effectual public-private partnership models (‘State of Unemployment’; NEP Paper Presentation, Fall Winter 2005-2007; The IIPM, New Delhi).

The ‘Big’ Small Scale Industry

The handloom sector provides 6.5 million jobs, making it the second largest employer after agriculture. This sector, along with handicrafts, once used to occupy a principal place in the discussions on national development policy two decades earlier. After the onset of economic reforms, these sectors got side lined in the conventional development plans. A study undertaken by the All-India Artisans and Craft workers Welfare Association, mentions there is a dire need for the appropriate concerned, along with the apex financial institution, National Bank
“Unfortunately, every anti-reformer will push for protective laws in the unorganised sector, without asking if legislation that can’t be enforced has any point and without supporting flexible laws in the unorganised sector. And every reformer will flag the Industrial Disputes Act, without supporting flexible laws in the unorganised sector and without recognizing there are more rigidities than IDA. Thus, we go round in circles.”

- Bibek Debroy
‘Old ideas for the young’; Indian Express; September 20, 2006

for Agriculture and Rural Development (NABARD), to map the status of the handloom industry with reference to the financial aspects. According to Tirthankar Roy (‘State of Unemployment’; NEP Paper Presentation, Spring Summer 2005-2007; IIPM, New Delhi), handicrafts merit governmental attention and aid to augment their global market potential. Crafts are more than cultural markers. These are business propositions carried out by segments involving artisans, rural industry, women — who can likely script impressive export success stories, and are however neglected in several ways. He reasons that internationally, the demand for ethnic goods (and products that make a cultural statement), is increasing as a result of the development of tourism services, and as a consequence to the standardisation of mass-produced products. It contains a international market valued at over a $100 billion and upward. The Union Government, in close co-ordination with States, must make the artisans more capable in accessing global markets and help achieve wonders for rural enterprises and economy. Even now, Central India lacks all-weather roads, which disqualify them from trading consistently with other close by villages and towns, let alone with other economies. Research undertaken by Prof.Jeffrey De Sachs points that across the world, poverty rates are likely to be higher in more remote areas (‘Eliminating World Poverty: Making Globalisation Work for the Poor’; DFID).

Rural Refrain

In the opinion of M.K. Venu (‘Reforms for growth with jobs’; The Economic Times; October 23, 2006), the real challenge before policy mavens is to engineer a growth strategy and intervention that guarantees sufficient labour-intensive activity in manufacturing and services is generated for substantial absorption of labour force from rural and agricultural sectors. Consider this: Low productivity agriculture employs 73% of our people, wherein its employment elasticity is so negative that farm sector can double production with half the workers (‘Is the era of jobless growth over?’ The Economic Times; June 20, 2006). Prof. Arvind Panagariya of Columbia University points to that in the 2003-2006 period, (where India has attained 8.1% growth), shares one major weakness with the previous period of 1997-2003 (where India attained a growth rate of 5.2%). The labour intensive manufacturing has remained sluggish (‘Is India finally flying?’; The Economic Times; September 21, 2006 ). The end to licensing in small scale sector has still not produced any tangible impact. This problem needs to be immediately addressed. As buttressed by Abheek Barua, Chief Economist, ABN AMRO, if indeed manufacturing employment continues to grow up, it might as well result in a virtuous
cycle with additional incomes in the worker’s hands, incremental demand for products and a further push to manufacturing sector. Also, non-agricultural employment generation and social development should get priority focus to circumvent flight of the rural poor to urban India. **Consider this:** Fifteen years of economic reforms has not led to an particular improvements in the economic condition of many rural poor, because the political mindset has refused to acknowledge the necessity of moving rural populations, most of whom are subsistence farmers, away from agriculture. Barun S. Mitra, of Liberty Institute, New Delhi bemoans that while China has enabled hundreds of millions of rural folks to seek employment outside of agriculture, thereby opening new opportunities to the poor, we in India seem to believe that the best way to help rural India is to keep the people tied to land. But the fact is that there is no economy in the history of mankind that has been able to improvise the quality of life for rural populations, by keeping over 50-60% of them tied to agriculture. India is only perpetuating poverty by our desire to tie people to land at subsistence level! As often pointed by many economists, tending livestock and other supplementary occupations make farmers cope up with severe crop failures and other rural catastrophes. A case in point is the livestock-based rural economy of the parched territories of Rajasthan. Dr. Manmohan Singh, in his inaugural address at the 93rd session of the Indian Science Congress in April 2006, has thoughtfully suggested that science (research) must be applied to animal husbandry. **The IIPM Think Tank**’s research (‘State of Agriculture’; NEP Paper Presentation; Fall Winter 2006-2008; The IIPM, New Delhi) suggests that this measure is of the greatest significance and utility to the landless, Dalits and pastoral communities.

**Policy Prostration**

The poor health and absymal living standards also prop up when we closely analyse the state of unemployment and deprivation. More generally, human capital warrants better health and education outcomes, like decreased morbidity in the former and improved skills in the latter category. A lot of the malnourished child victims were children of migrant workers, who experience severe economic deprivation coupled with unemployment. Perhaps under the media blitzkriegs, reformers are forgetting or unable to appreciate that it is not the whole India (rather, even not the real India) that is actually shining. As pointed out by Mr. Manmohan Bhatia, Finance Controller, Uttam Air Products (‘Quotas: Only form of affirmative action?’; The Economic Times; May 03, 2006), at present private sector jobs are concentrated in the tier-I and tier-II cities, thus depriving rural populace the chance to earn a decent livelihood from jobs, specifically from the private sector. The planners could adopt a policy of decentralizing a part of government offices and jobs to rural and remote areas. When jobs reach the rural backward areas, local citizens belonging to backward communities would be provisioned suitable employment opportunities. No nation can develop when its urban population

“*The labour-intensive manufacturing has remained sluggish. Unfortunately, without rapid expansion of the unskilled labour intensive industry, progress towards poverty reduction and transition to a modern economy will remain far slower than is feasible.*”

-Prof. Arvind Panagariya

*‘Is India finally flying?’; The Economic Times; September 21, 2006*
“Accelerating job creation needs the leap that classical physics (discrete systems) made to quantum physics (everything is interrelated) by focusing on the labour ecosystem all at once; demand, supply and laws.”

- Manish Sabharwal

‘Is the era of jobless growth over?'; The Economic Times; June 20, 2006

remains invariable at 28 percent of the whole. Also, rather than crowding and overburdening the existing agglomerations, policies should seek to develop new towns from scratch, in order to sustain 8 percent growth rate. As mentioned in The Economic Times editorial(‘At least 1,000 sq. km’; The Economic Times; May 11, 2006), India needs to urbanise. The SEZ policy can kick start and catalyse this growth process by stipulating that, for any project to qualify as an SEZ, it must be far removed from existing towns and possessed at least 1,000 sq km in area. Primarily, the paramount fiscal assistance the State can offer such nuclei of forthcoming towns is to put up highways and expressways interlinking these points of production to ports, airports and other metros. Additional tax concessions should come only as secondary measures (For more information, please do refer the previously mentioned article in The Economic Times). A great majority of the policy pundits know that there is an acute shortage of skills and this has a strong regional angle, that is one reason for the selective and skewed investment flows into some states and not into others. The IIPM Think Tank concurs with the significant policy intervention mooted by the Prime Minister, Dr. Manmohan Singh, where by employment generation would be significant criteria for approving new IT SEZs. The Prime Minster’s Office (PMO) has endorsed a suggestion that calls for creation of at least 10,000 jobs for setting up IT SEZs in metro cities like New Delhi, 5,000 jobs for other cities and 2,500 jobs for other small cities (‘Doc SEZ IT: Give jobs ‘n’ take benefits'; The Economic Times; May 10, 2006). The same point has also been raised by Kiran Karnik (‘Don’t make SEZ real estate scams'; The Economic Times; May 09, 2006), wherein he points that the present SEZ scheme seems to encourage maximisation of land acquisition and state governments are compounding this problem, through offering the land at concessional rates. The bad effects of this variant of planning model is already visible in China, where there are glaring and growing regional disparities. Intended, in all probability, to boost up export revenues, employment opportunities and investment inflows, there is no mention of any of any minimum requirements of these in current policy imbroglios. The present decision making pattern/paradigm about the SEZs prove more of an immature impulse, instead of mature and critical analytical outcome.

Labour(ing) Reforms

As has been observed by Prof. Suresh Tendulkar of Delhi School of Economics, India had a limited domestic market and needed to aggressively expand into international markets in order to shift jobs from agriculture to manufacturing. A direct shift to the tertiary sector was impossible, for jobs there demand education and training. In order to ensure that more jobs are created in this specific sector, tariffs needed to be decreased and labour laws amended. As the study titled ‘Operationalising pro-poor growth in India’ conducted by Prof. Tim Besley, Professor, London School of Economics, jointly with Prof. Robin Burgess proves, states with more pro-worker legislations had made less impact on poverty reduction as compared to those
which had made pro-employer amendments to the Industrial Disputes Act, 1948. States with more pro-worker legislations have seen an aggregate fall in registered manufacturing, which lead to an increase in poverty in urban areas, and increase in unregistered manufacturing (‘Growth better at reducing poverty’; Business Standard; June 9, 2005). After all, it is not without any reason when Edmund Burke, the Anglo-Irish statesmen has observed that “bad laws are the worst sort of tyranny.” Statistics available suggests that all the labour laws are made to protect a mere 2.6 percent of the population. ‘i Watch’ Mumbai based not-for-profit organisation mentions that out of India’s 430 million work force, 94 percent work in the unorganised sector and a mere 6 percent in the organised sector, not covered by any security measures. Nearly 40 per cent are working poor (earn enough money to live but not sufficient to come out of deprivation). A whole lot of antagonism to labour reforms by Trade Unions originates from the belief that change would be for the worse, which discounts the likelihood that change could be for the better. The Economic Times editorial (‘Full employment ahead’; March 17, 2006) analyses that India’s accelerating macro economic growth rates and indicators are all propelled by the onset of a strong demographic dividend, in which the share of workers in the total population rises and the share of dependants falls. Combine this trend with a diminishing population growth rate (that in turn pushes up per capita income growth); the big-picture seems very rosy.

If the policy makers were to refer and read the 2002 report of Second National Commission on Labour, they by now have the labour reform blueprint, as in the issues and concerns of harmonisation, rationalisation and compliance costs. As ideated by Bibek Debroy (‘Old ideas for the young’; Indian Express; September 20, 2006), the reformers need to delink labour reforms with Industrial Disputes Act. They have to unbundle the reforms, by addressing the issues of reformers and anti-reformers, separately. The challenge before unions, political parties and policymakers is to not let fear of change freeze them into deferral while what they should do is implement radical labour reforms, reflecting India’s changed labour realities, aspirations and variety. There should be a little ‘give and take’. It is obvious that the term ‘reform’ is miscommunicated by the policy makers and misunderstood by the trade unions. There is not even a slightest amount of disbelief that India’s labour policy needs reform, but what kind of reform and with what consequences are what that must bother people, not just the term ‘reform’. At this juncture, The IIPM Think Tank buys into the idea of Manish Sabharwal, Chairman, Teamlease Services (‘No job is better than a temporary one’; The Economic Times; September 06, 2005) as the case for temporary jobs is robust. Temporary jobs are a bridge to permanent jobs. Consider this: 45% get permanent employment within a year and are a conduit to organised employment for labour market outsiders that includes a disproportionate representation of women, youth, retired, less-skilled and educated workers. This also reduces frictional unemployment and, can be a market substitute (although short, imperfect but non-fiscal) to non-existent social security and unemployment insurance schemes.

**Tryst With Destiny**

Employment creation in India is a policy pariah. India will not truly realise her “tryst with destiny” unless politicians can endow the citizens with the strength and self-esteem that comes with an employment opportunity for the reason that unemployment diminishes people. The same has been observed by William Shakespeare: “You take my life when you do take the means whereby I live.” If there is an emergent, explicit consensus operating on the propositions regarding more employment, it is likely to create a broader demand base and in reality sustain the growth momentum.
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On the eve of India’s independence, Winston Churchill’s forewarning to the British Labor read some what like this: “Power will go to the hands of rascals, rogues and freebooters. Not a bottle of water or a loaf of bread will escape taxation. Only the air will be free and the blood of these hungry millions will be on the head of Attlee. All Indian leaders will be of low calibre and men of straw. They will have sweet tongues and silly hearts. They will fight among themselves for power and India will be lost in political squabbles”. Even if this gives the impression of an outrageous outburst observation of an imperialist, in retrospect, it does not look like an exaggeration of the misgovernance, adhocism and distorted developments. Popular media publishing page after pages, popular leaders shouting promise after promises, popular policy makers planning phase after phases and common people suffering day after days. At this critical juncture, when India warrants an immediate and effective synchronisation of planning, designing and execution, almost nothing is achieved in tangibles. Gunnar Myrdal said in his classic work, Asian Drama, several decades ago, in developing economies, when action is infeasible, activities replace action. The Indian social and developmental sectors are a

"Respect us, human, and relieve us, poor."

- Homer

“Smyrns of Chios”, The Odyssey (bk. IX, l. 338)
conclusion

The India Economy Review

Indian Deceit

Leo Tolstoy initiates ‘Anna Karenina’ with the well known sentence: ‘All happy families are alike but an unhappy family is unhappy after its own fashion’. Perhaps this reflection befits the economic situation in India with its regional states. In spite of Maharashtra’s incomparability in attracting domestic and foreign investments, the state’s performance in the areas of education and health is greatly disquieting as is reflected in high dropout levels, declining sex ratio and inadequate public investment and health expenditure (‘Aids is Maharashtra’s huge hurdle’; The Financial Express; April 04, 2005). Despite having a relatively robust economic infrastructure---be it industry, agriculture or services sector, the state of Tamilnadu is still dubbed as ‘backward’ in terms of development in human resources by local NGOs and researchers (‘Tamilnadu strives to shrug off development bane’; The Financial Express; April 04, 2005). The highest percentage of schools without secure compound walls is in this literate state, Kerala, finds a National Institute of Educational Planning and Implementation report (‘Nap on HDI scores may land Kerala in an equilibrium trap’; Financial Express; April 4, 2005). In Haryana, as reported in New Statesman’s Special Issue on India (‘India – Introduction’; New Statesman; William Dalrymple; January 30 2006), “as you leave Gurgaon, it is like heading back in time to a slower, pre-modern world. Within 20 minutes cars and trucks are beginning to give way to camel and bullock carts, denim and baseball caps to dusty cotton dhotis and turbans. The colour begins to drain away from the landscape but for the odd flash of a red sari: a woman winding her way to the village well. The truth is that much of India remains completely untouched by this astonishing boom.” The inexcusable failure of the state in the social sector is at the core of enduring imbalances in all realms. In the wording of Newsweek, (‘India Rising’; Fareed Zakaria; March 06, 2006), “the country might have several Silicon Valleys, but
it also has three Nigerias within it, more than 300 million people living on less than a dollar a day.” 300 million is a big number and their combined pain is a huge burden, in comparison to the mass affluence in isolated Indian Silicon Valley. If we are talking about India, let’s also talk about pockets of poverty and not a few emerging islands of excellence. A critical mass of humanity is suffering over the times and we are planning to provision them the basic facilities, and till date, the wave of creative advice is falling upon deaf ears. Consider this: The Supreme Court orders on the ICDS in the `Right to Food’ case in 2001 mandated the universalisation of the Noon Meal Scheme (NMS) and the ICDS. However, these orders have still not been implemented in many States. Of the required 1.7 million anganwadi centres, 650,000 have been ‘established’ and only 600,000 are functional (“Ensuring children’s right to food”; May 2nd 2006).

Funds, Functions, Functionaries?

It is far easier, as a reforms measure, to simply mandate a legislative act or a ‘sham symbolic solution’ (a phrase attributed to Jaithirth Rao of Mphasis) and thereby acquire populist approval than to implement root and branch socio-economic reforms in a country the size of India with its multitude intricacies. Governments, on an alternating basis, have resorted to this painless ‘primrose path’ to reforms. It is easier to dispense with the micro-details and wish things will eventually get sorted out. But actions of this sort, not only impedes their engagement with mainstream development, it also keeps their basic entitlements and capabilities hindered. One of the important observations in the World Bank’s Development Policy Report, titled “Inclusive Growth and Service Delivery: Building on India’s success” is that though Indian economy is ideologically skewed towards dominance of the public sector, social service delivery has witnessed the domineering role of the private sector, largely owing to the deduced and relative public sector failure. Citizens, more or less, seem to be voting with their feet, migrating to private providers of education, health and other services. We at The IIPM Think Tank put up a persuasive case for equity as the leading principle of development. Persistent high growth can be maintained only if we involve all social groups in a novel, humane vision of a classless society, where all constituents are winners. There is a compelling case for making school education and primary healthcare the cornerstone of governance, considering the fact that 54 percent of India’s population is below the age of 25 (‘Let’s caste our net wide’; Sitaram Yechury; Hindustan Times; August 25, 2005). With respect to poverty reduction, the upshot for the policy mavens is to entertain the Hamletian dilemma: whether India wants to look at agriculture as a lifestyle, and consequently seek

'System’ic Woes!

About 37 percent of PDS grains, meant for BPL people, gets diverted to the open market and another 21 percent to non-poor households. Much of this food grain is sold by the government at a token price of Rs 3 a kg for rice and Rs 2 a kg for wheat under the Antyodaya scheme, while the economic cost of rice and wheat is Rs 13 and Rs 10 a kg, respectively. What is worse, the number if cards being issued to BPL and Antyodaya households has been rising although Planning Commission estimates that poverty ratio has come down from 36 percent in the early 1990s to 26 percent now. And it should not be forgotten that a large proportion of the genuinely poor, including the shelter-less and migratory labour, do not have access to the PDS.

to keep farmers attached to land. Or whether it wants to look at agriculture as a practicable and productive economic pursuit, whereby there exist an integration of agriculture and non-agriculture areas, in order that productivity gains in farming liberate surplus labour and resources for more productive deployment in other places (like livestock, aqua culture and etc.) and subsequent reduction in inflation rates as well.

Currently, India spends 7.6 per cent of its GDP and 26.6 per cent of aggregate budgetary allocations on the social sector, out of which state governments constitute for more than 80 per cent of this amount. Measured on the basis of ‘proportion of public expenditure’ and as ‘real per capita expenditure’, there has been a noteworthy increase in social sector spending ever since the mid-1990s. However there are grave concerns about the quality of expenditure patterns. A chunk of public expenditure on social services goes towards salary payments, debt repayments and other variants of fiscal profligacy (‘Poverty, not just an economic phenomenon’; S.D.Naik; The Hindu Business Line; November 15, 2005). This leaves little or no resources available for expansion of public or publicly funded social services. Additionally, the focal problem is not of absolute shortage of fiscal means, but of India’s priorities. The IIPM Think Tank research over the last three decades, cautions that it is one thing to allocate funds and another to utilise it. A case in point is the elementary education. Against the Tenth Plan provision of Rs 30,000 crore in the Central sector, a little more than Rs 31, 600 crore was spent in four years (‘Ensuring equal opportunity — It is all in quality schools’; Bhanooji Rao; The Hindu Business Line; July 12, 2005). What is warranted is fundamental institutional reform, not a large ballooned State that spends large amounts on futile interventions. (For more detailed information upon this facet, please do refer the India Economy Review; Special Issue, February 15, 2006).

Lick Up & Kick Below

Yet again, as the Prime Minister Dr. Manmohan Singh has repetitively emphasised, there has been no focus upon outcomes. In some cases purely utilising funds has been the practice. Consider this: In the districts test checked by Comptroller and Auditor General (CAG) audit in 11 States, Rs 99.88 crore was utilised on items not permitted under Sarva Siksha Abhiyan (SSA). Additionally, in 14 States/Union Territories, financial discrepancies amounting to Rs 472.51 crore were also observed (‘Scrap the Sarva Shiksha Abhiyan’; Bibek Debroy; Business Standard; September 04, 2006). In Uttar Pradesh, out of the total of around Rs.500 crore allocated under NREGP to 22 districts, nearly 90 percent was unutilised (‘Congress for probe into suicides, hunger dearers’; The Hindu; October 24, 2006). Accordingly, state agencies at all levels have not felt challenged to build on a problem-solving ethos and systems characterised by agility, pro-action, target orientation and open-ended engagement with target audience and promising resource agents/mobilisers within and outside the public administrative systems and structures. There is abundant evidence to prove that state’s capacity to deliver has declined over the years due to rising indiscipline on all fronts. Misgovernance, reflecting itself in weak service delivery, unwarranted regulation, and uncoordinated fiscal profligacy, is one of the key factors impinging on development and social indicators. The Economic Times editorial mentions (‘Full employment ahead’; March 17, 2006) governmental programmes that spend six rupees to deliver one rupee to the target beneficiary. Bibek Debroy of PHDCCI, New Delhi observes that, if all the subsidies are done away with then there would be enough money to be distributed to every individual below poverty line to the extent of Rs. 9,145 which sums up to around Rs 46,000 per household below poverty line—some thing which is good enough to wipe out the very word ‘destitution’ from India’s lexicon. Doing nothing on the subject of poverty for yet another
“With politicisation and declining discipline, internal accountability stands seriously eroded today, while accountability via legislative review and the legal system has not been sufficiently effective. ‘Outward accountability’, therefore, is essential for greater responsiveness to the needs of the public and thus to improve service quality.”

-Naresh.C.Saxena

‘Governance reforms in India’

age group is a grave human and economic waste. It is long overdue that a nationwide consensus be arrived at that the foremost claim on the fiscal resources must be to guarantee that no Indian lives with no food, shelter, basic education, health facilities, or employment. Fashionably, every economist talks about the hard infrastructure of India that needs to improve and so on, but the soft infrastructure warrants an equivalent amount of work. In fact, in the long run, this is far more decisive. Presently, India’s tax to GDP ratio is only 15 percent (2003-2004), which is lower than most economies (close to 30 per cent in most developed economies) — (‘The Battle Against Hunger’; Harsh Mander; Indian Express; August 18, 2005). Further, Meenakshi Sangal and Kaushik Dutta of Pricewaterhouse laments that (‘Healthcare: The price of well-being’; The Hindu Business Line; September 07, 2006), with extant fiscal policies aimed at more reductions in tax revenues that would consequently result in shrinkage of social expenditures such as health care. Undeniably, there is intact and substantial latitude for further taxation of the ‘well-off’ sections. India looks forward to the best when a U.K educated economist is a Prime Minister and U. S. A educated lawyer is a Finance Minister.

Policy Orphan

India, for historic and societal motives, has frail foundations of social unity. Neglect of core social services will start out riots and fracas that often claim human lives in direct and indirect fashions. As Marquis De Lafayette has put it succinctly, “When the government violates the people’s rights, insurrection is, for the people and for each portion of the people, the most sacred of rights and the most indispensable of duties.” Political leadership of a high order will be warranted to deal with these challenges. Failure to provision and extend health and education opportunities to all, regardless of income status and sexual category, will eventually act as a constriction on India’s future scenario in the global marketplace. It is incredibly palpable that India’s opportunity hinges upon its ability to twig the daunting challenge of balancing economic development with that of human one. An economic system operational exclusively on the principles of “Survival Of The Fittest” opportunely snubs the disadvantaged. Constituents forming the Bottom of Pyramid (BOP) need not only be pulled up but also be accorded sustainable livelihood opportunities prospects to live a life of dignity and self-esteem. Every religion professes piety to the poor as a mean of attaining salvation. But now the rationalism teaches us to go beyond and make the under-privileged “active participants” in economic process and not a “passive recipient” of alms. The IIPM Think Tank necessitates a critical need for redesigning or re-modelling public administrative schemes in the wide sense of the term, to endure the new pains of development. Policy mavens need to appreciate that development is an outcome of effective establishments rather than the other
way around. Accordingly, emphasis should be shifted from maximising the amount of funding to maximising of outcomes and efficacy of public service provisioning.

**Sound Governance: The Desideratum**

There is a constructive relationship between swift economic growth and an elimination of deprivation. However, it does not fall into place on its’ own. A good economics is that concentrates in the equal dispersal pattern of economic opportunities and profits. And also, good economic planning has to be coalesced with prudent practice of politics (‘Economic growth and the Millennium Goals’; John M. Alexander; The Hindu; October 06, 2005). Social exclusion needs to be taken care of and social challenges are not insurmountable. All the stakeholders and other agents in the economic system need to appreciate that there cannot be a better protection than owning a society that is secure and liberated from torment and deprivation. Importantly, the state should remind itself of the fact that corrective radical social reengineering has always emanated from within. Prejudice and resentment in many socio-economic debates must be overcome by facts and logic, whereby political short-sightedness, bureaucratic fraudulence, corporate irresponsibility and civic indifference must give way to social consciousness, rationality, collective wisdom and long-term solutions for ‘New Young India’. India can’t afford and allow the usual hurdles: endless bureaucratic deliberation, Union-State tussles, etc. to hobble the development. Let’s not forget Hubert H. Humphrey’s pronouncement: "It was once said that the moral test of Government is how that Government treats those who are in the dawn of life, the children; those who are in the twilight of life, the elderly; and those who are in the shadows of life, the sick, the needy and the handicapped."
“Many ideas grow better when transplanted into another mind than in the one where they sprang up.”

- Oliver Wendell Holmes

Quarterly Issue: 30th September 2004

The marginalisation of agriculture, minimilisation of industrial activity and magnification of service sectors are three broad concerns that form the fulcrum of this particular issue. With its analysis and policy implications on broader patterns of these three sectors and some select specific ones like that of food processing, textiles, small-scale industries, tourism and etc. Agriculture, through decades has been grossly neglected. As a nation we have lost the potential of being the world’s ‘Food Factory’. It is a strategic policy imperative to generate purchasing power to the 55 percent of the population dependent on agricultural sector. This by itself would fuel the growth engine on a self sustaining basis. On the other hand, we could not leverage the cost competitiveness of the manufacturing sector, as a nation, due to archaic labour policies and other repressive procedures. Moreover, India Inc. critical success factor lies in an entrepreneurial class that is talented, gutsy and conversant. So it is urgent to create an enabling business environment which would enable these entrepreneur’s to churn out globally competitive products and services. Let the ‘Nuts and Bolts Revolt’……

Quarterly Issue: 30th June 2005

It features qualified optimism about the issues of Education, Health, Poverty and Unemployment, the social imperatives of any developing nation, like India. “Education” as an issue requires sterilized (very clear and fresh) vision. The policies with selective and blurred vision have caused deformation, under-utilisation and complete disarray. This issue delineates the reallocation and better utilisation strategies, which in turn can herald a Knowledge Revolution. Speaking of “Health”, diseases like AIDS, TB, Polio and sudden spurt of epidemics has caught attention, in recent times. Inadequate state funding, inefficiencies and inequality in provision are an eventful combo for catastrophe. IER calls for commitment at policy level and energetic participation of private sector and NGOs. A lot remains to be done with emerging issues like Medical Tourism and Health Insurance. “Poverty” through decades remained successfully a core area of interest for researchers and policy makers. But it took a little too long for the realisation to dawn upon that there is an insistent and urgent need to alienate ‘the poor’ from the ‘poverty’. In course of ‘Tracking Poor’s Spoor’, IER suggests alternatives in social security mechanisms, creation of food banks and other resource-light options. The other socio-economic problem ‘Unemployment’, calls for radical changes in the structural and occupational patterns. Non-agricultural opportunities, self-employment, micro-enterprises and other options are delineated in the section, ‘Labour Lost Unloved’

Quarterly Issue: 1st January 2005

Infrastructure is the very foundation on which a country’s industrial economy is built, while foreign trade and FDI are the modern day pillars that support it. India grandiose ambitions about growing 8 percent annually, every year and becoming an economic giant, making foreign investment the only imperative. Yet it has attained notoriety among foreign investors for the tedious procedures, an apathetic bureaucracy, lacking infrastructure and unwarranted delays. Time has gone for policy makers to have realised ‘Foreign purse’ pectives’. Foreign investments act as a catalyst to sustainable growth, have tremendous positive ripple effects and help to generate competencies.
with Indian manufacturing and thus lead us to become a trading powerhouse. The International Trade section features the highlights of the New Foreign Trade Policy, (as a separate section, at last, for the convenience of the reader). The same has been dissected from an analytical point of view, incorporating the view points of sectoral experts and researchers. The IIPM Think Tank explains that India should unhesitatingly opt for ‘International Intercourse’ by reducing transactional costs. More than any investment, good infrastructure investment is a strategic key to bring out inherent strengths of any nation, making it work for growth, global competitiveness and poverty reduction. Adequate attention to Inland Waterways and Rural Infrastructure can make a vital difference to the nation. Let there be no ‘Constricted Constructions’.

Special Issue: 15th February 2006
The focal intent of this issue is to present an all-inclusive, up-to-date and lucid exposition of an array of socio-economic and political concerns and issues that are of paramount importance for appreciating, evaluating and suggesting solutions to one of the most important national economic exercise, the Union Budget 2006-2007. It puts in perspective, for the casual observer and public, the ground realities, in all dimensions and hues, by featuring the ideas, philosophies, opinions, observations, and recommendations of many experts in select sectors of strategic importance for socio-economic development. This issue from The IIPM Think Tank promises to usher in a potentially better, necessarily newer dawn of economic policies that radiates the power to dispel the current darkness of socio-economic and socio-political confusion, under the aegis of “Reliving The Great Indian Dream: A blueprint to transform politics, economics and governance”. As humanising planning process was systemically killed over the planned period, humanising budget becomes a vision imperative. Used strategically, it can become a policy doctrine that can eliminate the remaining hurdles and obstacles that are preventing India from realising The Great Indian Dream.

Great Indian Dream
When Great Indian Dream got released in August 2003, it created scores of academic debates and ideological dissent among many leaders. After inquiring into fallacies in national economic planning, specifically resource mobilisation strategies, it proffers an alternate plan, reconciling key social developmental imperatives, economic challenges and political constraints. The futuristic and unconventional economic wisdom inherent in it has been gaining a lot of acceptance and appreciation from many thought leaders in all walks of life. Accrediting their three decade old research at IIPM, the authors’ talk of potential growth rates over 14%, since then. Their observations were disregarded. But nowadays, every national and international think-tank, including the PM talks about a 10%. The Election Commission took a leaf out of this book and ordered enquiry into the rigging process in West Bengal. Many politicians were defamed and intelligentsia was provoked. Veteran lawyer, Ram Jethmalani used it for his campaigns in opposition to Atal Bihari Vajpayee. As on December 2005, the tax component is almost 55 per cent in petrol and for diesel, the tax component in the price is almost 34 per cent, in line with the resource mobilisation strategies of the authors. It is indeed very assuring to find that in the last two years as it hit book stands, tolerant of a few minor deviations, the compelling socio-economic recommendations mentioned in it remain convincingly well-founded. The ideology integral to this book has turned into a movement called ‘GID Foundation’ (GIDF), stirring a social revolution, as it supports developmental initiatives in more than 2000 villages across 12 states and supporting an estimated 25, 00,000 people residing primarily in the remote/backward areas. Effectual ideas relating to all social sectors are featured in the book are being executed to restore pride to the ‘betrayed India’. Reminds one about Sigmund Freud’s associable observation: ‘Thought is action in rehearsal’.
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THE INDIA ECONOMY REVIEW, The IIPM Think Tank,
Neha Malhotra (Asst. Manager-Subscription)
Tower-II, Level III, C-10, Qutab Institutional Area, New Delhi - 110 016.
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