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**TOPIC/SUMMARY**

**BRICS works for shared prosperity**

**International:**

- The current international situation is undergoing profound and complex changes characterised by the turbulence in the Middle East and North Africa, and the lingering negative impact of the financial crisis on world economy. The international community is facing both challenges as well as opportunities.
- Against such backdrop, the leaders of China, India, Russia, Brazil and South Africa gathered in Sanya, Hainan Province of China on April 14, 2011 for the Third BRICS Leaders Meeting.
- The BRICS is a unique cooperative mechanism of the 21st century. It came into being in the wake of the emergence of a group of developing countries.
- The accession of South Africa and its participation for the first time at the Leaders Meeting signify an important development of BRICS, which made BRICS a mechanism covering the area of Asia, Africa, Europe and America and further enhanced its representation and influence.
- At present, the five BRICS countries account for nearly 30 per cent of the world's land area, 42 per cent of the global population, make up 18 per cent of the world GDP and 15 per cent of the world total trade volume. The trade among these five countries experienced a rapid growth at 28 per cent annually from the year 2001 to 2010 and reached the amount of \$230 billion.
- BRICS countries are amongst the fastest growing economies in the world with tremendous potential. The cooperation among BRICS members reflects the development of international situation as well as the desire and choice of emerging economies.
- The members of BRICS share a lot in common in many senses.
- They are in the similar stage of development and face the same historical task of developing their economies and improving the well-being of their people. At present, the five countries are also facing similar challenges or problems in restructuring the economy, maintaining a healthy and sustainable growth and in achieving an inclusive, equitable and green development. The BRICS countries enjoy highly complementary advantages and solid foundation for extensive cooperation to promote common development based on equality and mutual benefit.
- BRICS countries also share the same concerns and views in reforming and improving global economic

governance and relevant institutions. They make joint efforts in meeting the global challenges together to serve the common interest of their own as well as the international community at large. BRICS countries are working closely in forums such as the United Nations and G20, and on issues like food and energy security, the Doha Round of trade talks, climate change, Millennium Development Goals and the reform of international financial institutions, and striving to increase the voice and representation of emerging economies and developing countries.

- The cooperation of BRICS is different from many other international and regional mechanisms, such as the G8. It is neither another new grouping of big powers nor a political alliance. The countries are partners in development. The cooperation of BRICS countries diversified the growth of the world economy and became a driving force for the democratisation of international economic relations. The BRICS mechanism is not in competition with other mechanisms. It is open, transparent and inclusive and will always follow the principle of consensus building. It also serves as a bridge of communications and exchanges between the developed and the developing countries.
- The Sanya Declaration by the heads of state and government of Brazil-Russia-India-China-South Africa (BRICS) marks a strengthening of this emerging country partnership on the world stage in at least two significant respects.
- First, BRIC has become BRICS with South Africa — a rainbow nation of 50 million people, abundant natural resources, a middle income economy, and tremendous potential — joining the forum as a full member.
- Secondly, the grouping has gained coherence as well as confidence in articulating forward-looking positions on global economic and, to an extent, political issues. The formulation of an Action Plan at Sanya to enhance existing cooperation programmes, engage in new areas, and explore new proposals for working together indicates increased commitment.
- However, the reality is that each of the five countries regards its ties with the United States as its most important bilateral relationship and is excessively wary of displeasing Washington.
- The BRICS stance, formulated in the Sanya declaration, is disapproval of external military intervention in the MENA (Middle East and North Africa) and West African region.
- BRICS has made real progress since Brazil, Russia, India, and China held the grouping's first summit in June 2009 at Yekaterinburg in Russia and issued a declaration calling for the establishment of an equitable, democratic, and multi-polar world order. Now they need to put more sincerity and substance into this very worthwhile coming together.

## **New thinking on planning process**

### **Economy:**

- The Central Government has set in motion the process for formulation of the XII Plan (2012-17) starting April 1, 2012, with a tentative intent to achieve a GDP (gross domestic product) growth of about 9-9.5 per cent during the five-year period.
- As has been the practice for the past many decades, the exercise involves the firming up of an approach paper prepared by the Planning Commission which lays down the major targets in the economic and social sectors, the key challenges and resources that are required in meeting them and the broad strategy that

must be adopted to achieve these objectives.

- Once a consensus is reached on the desired objectives and targets in consultation with the ministries and departments concerned, the approach paper is to be cleared by the Union Cabinet and placed before the National Development Council (NDC), comprising the Centre and chief ministers of all States, for final approval to facilitate implementation.
- But in a radical departure from yesteryears when the targets and objectives of the Plan period were decided by the Centre and the States, the Commission this time round has sought to develop an inclusive and participative approach to the entire planning process.
- Towards this end, it has evolved a web based consultative process in which all interested citizens and stakeholders can participate by giving their views and suggestions on a multi-dimensional strategy matrix that has been developed indicating some of the key areas that need to be explored.
- Thus, for the first time in the history of India's policy planning, the inclusive approach has led to commencement of a wide consultative process on the challenges for the XII Plan.
- According to the Commission, apart from 900 civil society organisations (CSO), industry associations and think-tanks across the country that have participated in the inclusive planning process, over 32,000 netizens have left “many insightful comments” following the launch of a dedicated website "12thplan.gov.in" which is also linked to Facebook.
- Among the other key messages from such consultation, while citizen groups broadly support the stated objectives of other government programmes, the design and institutional arrangements are weak and greater devolution and empowerment is needed. Besides, government programmes need a new architecture which means greater localisation, break-down of silos, feedback from citizens and mechanism for learning and sharing of best practices.
- Moreover, since a major contribution to economic growth now comes from the private sector, the need is for a policy environment that supports this dynamism.
- In effect, people want the government to create an environment for nurturing enterprise, improving markets, supporting innovation, providing access to finance and inculcating respect for common pool resources.
- In an environment of ongoing investigations into a host of scams — CWG, 2G and Adarsh Housing — the malady of corruption has become so all-pervasive that people are seeking deliverance from this deep-rooted scourge.

## **A departure from conventional approach**

### **Economy:**

- The Annual Policy 2011-12 was substantially different from all other recent monetary policies announced by the Reserve Bank of India (RBI). While it stressed more on the current as well as future inflationary pressures and the ways and means to mitigate its horrors, the RBI decided to sacrifice the prevailing growth rate and cut that to 8 per cent for 2011-12 from the last year's 8.6 per cent.

- By dropping its earlier calibrated approaches, the RBI has entered a mission in this financial year to focus on economic stability by anchoring inflation expectation instead of sustaining growth momentum. It hiked the repo rate by 50 basis points from 6.75 per cent to 7.25 per cent, tightened some provisioning norms and there is also a 50 basis point increase in the interest rate on savings deposits from 3.5 per cent to 4 per cent.
- The objective or the endeavour of RBI will be to condition an environment to bring inflation down to 4-4.5 per cent and to bring an environment in the medium term of 3 per cent inflation consistent with the global inflation scenario.
- Now the RBI has fixed a grace period for the rising prices to take a reverse trend, by “the first-half of the current year”. The central bank's expectation of a growth momentum was based on the assumptions of a normal monsoon and global crude oil price of \$110 a barrel. Once the present socio-political scenario in the Middle East and North African nations worsens, commodity prices would escalate further.
- RBI's move clearly reflected its concern about rising prices. Hereafter RBI will have only one single policy rate, the repo rate, to indicate the rate changes in the banking system.
- Further, the RBI has instituted a new Marginal Standing Facility (MSF). Banks can borrow overnight from the MSF up to one per cent of their respective net demand and time liabilities or NDTL. The rate of interest on amounts accessed from this facility will be 100 basis points above the repo rate. As per the newly introduced scheme, the revised corridor will have a fixed width of 200 basis points. The repo rate will be in the middle. The reverse repo rate will be 100 basis points below it and the MSF rate 100 basis points above it.

**Three factors have shaped the outlook and monetary policy for 2011-12.**

- First, global commodity prices, which have surged in recent months are, at best, likely to remain firm and may well increase further over the course of the year. This suggests that higher inflation will persist and may indeed get worse.
- Second, headline and core inflation have significantly overshoot even the most pessimistic projections over the past few months. This raises concerns about inflation expectations becoming unhinged.
- The third factor, one countering the above forces, is the likely moderation in demand, which should help reduce pricing power and the extent of pass-through of commodity prices. This contra trend cannot be ignored in the policy calculation. However, a significant factor influencing aggregate demand during the year will be the “fiscal situation”.
- The latter portion of the third factor is the operative and crucial part which shapes the monetary policy outlook for the current fiscal. The RBI is in a hurry to pass-through the high oil prices to consumers. Otherwise, navigating inflation to a soft landing of 6 per cent at end March 2012 would end up as an unfinished agenda for the central bank.
- The monetary policy trajectory that is being initiated in this annual statement is based on the basic premise that over the long run, high inflation is inimical to sustained growth as it harms investment by creating uncertainty. Current elevated rates of inflation pose significant risks to future growth. Bringing them down, therefore, even at the cost of some growth in the short-run, “should take precedence”.

## Speeding up government

### Political:

- The Electronic Service Delivery Bill, 2011, which aims at delivering all public services to citizens in the electronic mode, is a welcome piece of legislation. By eliminating paperwork on a massive scale, the new measure can cut the red tape and corruption that notoriously plague governance in the country. The draft Bill published by the Ministry of Information Technology at its website is similar to the Right to Information Act, 2005 in that it incorporates a complaints mechanism and prescribes penalties for failure to comply with the provisions. Importantly, it sets a five-year deadline for all public services to make the online transition, with a further concession of three years in some cases. What people can expect in the new dispensation is electronic submission of forms and applications, issue or grant of any licence, permit, certificate, sanction or approval, and receipt or payment of money. No time must be lost in enacting the law, given India's poor record of delivery of citizen services. Moreover, services now facing severe bottlenecks, such as passports, should be prioritised for electronic processing. The draft provisions make it incumbent on the central and State governments to publish a list within six months of the date of enactment, and they would do well to pick the worst-performing departments for inclusion first.
- India badly needs a major initiative on electronic service delivery and e-governance. That it has done little to use Information and Communications Technology to help citizens is evident from its 119th rank among 192 countries in the United Nations E-Government Development Index 2010. Although there is no standardised measure of e-governance, the indicators used by the U.N. — online service availability, telecom infrastructure, and human capital — suggest that India is below the world average for the composite index. This underscores the need to get the electronic service delivery law in place urgently and to enforce it seriously. The experience with the RTI Act indicates that public support for modernisation will overwhelm any resistance from vested interests. What must be noted, however, is the continued failure of many government departments to disclose information pro-actively on the Internet, as laid down under the RTI Act. Successful e-government requires that citizens get maximum information, and are able to conduct online transactions and participate in decision-making. All this calls for wide access to online services in the form of kiosks and special centres. Rising India must make progress on each of these metrics, if it hopes to leave its colonial baggage of red tape behind.

## Big push to deregulate

### Economy:

- Freeing savings bank rate is a complex issue in India. The Reserve Bank of India (RBI) recently launched a debate on this issue by presenting a discussion paper prior to its Annual Monetary Policy for 2011-12.
- While announcing the policy, the RBI has also raised the savings bank rate from 3.5 per cent fixed in 2003 to 4 per cent.
- With regard to all other interest rates, RBI has moved away from regulation. Almost all interest rates, except the one on savings bank and NRI deposits which are administered as of now, are deregulated.
- Now banks have complete freedom in fixing their domestic deposit rates, except interest rate on savings deposits, which continues to be regulated.

- Savings accounts are maintained for both transaction and savings purposes mostly by individuals and households. A savings account, being a hybrid product, provides the convenience of easy withdrawals, writing/collection of cheques and other payment facilities as well as an avenue for parking short-term funds which earn interest. The maintenance of savings bank deposit accounts, however, entails transaction costs. In fact, a term deposit doesn't involve transaction cost for banks.
- Savings deposits are an important component of bank deposits.
- The RBI's view is that savings deposit interest rate could not be regulated for all times to come when all other interest rates have already been deregulated as it created distortions in the system. International experience suggests, according to the RBI, that in most countries, interest rates on savings bank accounts are set by the commercial banks based on market interest rates.
- Most countries in Asia experimented with interest rate deregulation to support overall development and growth policies. These resulted in positive real interest rates, which in turn contributed to an increase in financial savings.
- Further the RBI argues that deregulation of savings bank deposit interest rate also led to product innovations.
- However, unlike many other countries, the Indian situation is different. A large number of people in India are from the rural background with less saving.
- The urban poor, migrated from the remote rural areas of the country too are having small savings.
- The urban labourers send their weekly earnings through public sector banks (PSBs) to their dependants living in villages.
- Further, with larger presence in rural and semi-urban areas, the PSBs would be having maximum number of small savings bank account holders. Generally, the PSBs were attracting small customers along with other high value depositors, who trust PSBs compared to other private sector banks.
- Maintaining an account with huge balance in savings bank would be cheaper for banks than maintaining an account with small balances as transaction cost of banks would be higher in the case of small account holders. In the case of salaried employees, their salaries would be credited to a particular bank. As the regulator frees the savings bank rate, the private sector and foreign banks will offer boutique products and fascinating interest rates to attract these huge accounts from corporates as well as government organisations.
- Deregulation of savings bank rate would work against financial inclusion as public sector banks saddle with all un-remunerative accounts and all high value accounts would migrate to the new generation private sector banks and the foreign banks. Always the small customer is at the receiving end.

## Celebrating Rabindranath Tagore's legacy

### Culture/History:

- The simultaneous celebration of Rabindranath Tagore's 150th birth anniversary in India and Bangladesh marked an exceptional move to honour the poet-philosopher. It also symbolised the deep admiration that exists in both countries for the man who enriched literature as much as he did humanity as a whole.
- He was the first non-European to receive the Nobel Prize for Literature, in 1913.
- Tagore was poet, novelist, short story writer, essayist, playwright, educationist, spiritualist, painter, lyricist, composer and singer – a rare set of distinctions, an unbelievable conjunction of talents. His creative works, which still influence billions of people globally, are a matter of pride for the people of India and Bangladesh.
- At critical moments he has been an inspiration for the people of what is now Bangladesh. Protagonists of the two-nation theory wanted to wipe out his influence. Pakistan's first military ruler, Ayub Khan, banned his songs. But the poet only became more relevant then before. A strong sense of linguistic nationalism grew around him. Finally, the people launched a strong cultural and political movement that culminated in the formation of Bangladesh.
- While India chose his Jana gana mana as the national anthem in 1947, Bangladesh has had one of his songs as the national anthem since its birth.
- Sri Lanka's national anthem was also penned by Tagore and set to its tune by Tagore.
- Indeed, Rabindranath is not only the pre-eminent literary genius of Bengal but all of South Asia, perhaps the whole of Asia.
- Tagore's enduring influence on history comes through the many layers of his thoughts. He modernised Bangla art by refusing to follow rigid classical forms.
- His lucid, lyrical prose and grasp of the human psychology are unique. He is the foremost lyricist of his language and the most celebrated composer. He wrote more than 2,000 songs, and these are widely considered to be his best creation. His songs are an integral part of the Bengali culture and collective psyche. His novels are also some of the best in Bangla. He wrote lovely plays. He was a painter of note.
- Tagore was a committed anti-colonialist. He was not a revolutionary in a political sense, but he inflamed his people by renouncing his knighthood after the colonial army indiscriminately killed Indians in Jallianwala Bagh in 1919.
- Tagore belongs to India, and Bangladesh too. But in the truest sense, he belongs to the world. Even after 150 years of his birth, you feel his presence.

## Recognising tribal rights

### Environment/Social:

- A bright future for conservation in India depends on providing improved protection for flora and fauna in different habitats. At the same time, the imperative is to safeguard the livelihoods of millions of people who traditionally rely on forests. In a major step towards reconciliation of these key goals, the Ministry of Environment and Forests has come up with a new draft implementation protocol for the determination and notification of Critical Wildlife Habitats (CWH). The guidelines in the protocol will help the MoEF meet its obligations under the Forest Rights Act, 2006 (FRA). What makes the protocol important is the due process it proposes to institute for resettling forest dwellers. Significantly, it provides for participation of gram sabhas, social scientists, and ecologists in the panel responsible for identifying critical habitat in a national park or sanctuary. This decision is consistent with the provisions of the FRA that require prior recognition and vesting of forest rights. The Act also requires the States to prove the likelihood of irreversible damage to species and habitat from the exercise of forest rights, and to demonstrate availability of a resettlement package. Finally, those who are to be resettled must give free and informed consent. The MoEF protocol will create a tangible, transparent legal framework to implement these provisions.
- In the new draft of the protocol, the MoEF has done well to address the issues raised by conservation experts and social activists, primarily the need for better protection of forest communities. These concerns will now be handled by a National Steering Committee and State-level Expert Committees, giving all stakeholders a say in the process. What needs to be emphasised is that creation of Critical Wildlife Habitats is an achievable goal. For only a small part of the land is to be notified as off-limit to people. A flagship species such as the tiger can be expected to survive in only about one per cent of the country's land which is effectively protected. It is eminently feasible, therefore, to handsomely compensate forest dwellers who are ready to be resettled elsewhere. The Nagarahole tiger reserve in Karnataka convinced tribals that they would benefit from voluntary relocation, and they have. The package of land and incentives provided to them, including education opportunities, could serve as a model for other States. Finally, States need to gear up administratively, and the Union Ministry of Tribal Affairs needs to develop its infrastructure rapidly, to implement the Forest Rights Act in a way that harmonises the goals of conservation and livelihood support.

## India's stake in Africa's future

### International/ Economy:

- Thus far, India's engagement with Africa has operated at two levels.
- The first level is official, where the government has grafted on to the political goodwill built up over several decades some real financial heft. After pursuing regional and pan-African initiatives like the Team-9 framework for cooperation in West Africa and the e-network project, the first Africa-India summit in 2008 envisaged a line of credit worth \$5.6 billion to be spent on development and capacity building projects. Least-developed African nations were to get preferential access to the Indian market and India also committed itself to establishing 19 centres of excellence and training institutions in different fields across Africa.
- Side by side with this official thrust, the Indian private sector has also shown a willingness to invest billions of dollars in Africa. The Second Africa-India summit to be held in Ethiopia this week is likely to

increase the pace of this engagement. There is talk of pushing bilateral trade with Africa to \$70 billion by 2015, up from the current level of \$46 billion. Cumulative Indian investments in Africa stood at \$90 billion in 2010 and are likely to rise dramatically in the years ahead.

- At the same time, there are several steps India needs to take to ensure the current momentum is maintained and even intensified.
- First, India must ramp up its diplomatic presence in Africa. Indian companies and citizens will be more likely to work in countries where India maintains an embassy. And it would help if these embassies were robustly staffed by young diplomats anxious to make a mark rather than by those at the fag end of their career who see a tour of duty in Africa as a punishment posting and who have little or no interest in African culture and society.
- Second, the government should consider establishing a special purpose vehicle (SPV) to pursue strategic investments and business opportunities in Africa, especially in sectors such as mining, infrastructure and agriculture. Such an SPV could harness the talent and resources that the Indian public and private sectors have to offer but which their managements are often unable to utilise in overseas projects in a timely manner for a variety of reasons.
- Third, the SPV or some other official entity must pay attention to corporate social responsibility issues connected to all Indian FDI projects in Africa, especially since many of them might be in countries where domestic regulatory frameworks for workers' rights and environmental protection are inadequate or dysfunctional. As public pressure in India makes it less easy for Indian companies to cut corners at home, some of the motivation to invest in Africa might be linked to their belief that they can get away with dodgy business practices there. India has a strategic interest in ensuring that Indian companies operating abroad act responsibly and must come up with an appropriate monitoring mechanism.
- Fourth, there must be a strict audit of all monies disbursed through the Lines of Credit for Africa. Two years ago, there were reports of questionable dealings in the subsidised export of rice to a number of sub-Saharan African countries. With Indian credit lines now running into several billion dollars — the eventual beneficiaries of which will be Indian companies and suppliers to whom recipient governments are obliged to buy from — there must be complete transparency in the process from start to finish.
- Fifth, a greater effort should be made to build on the domain knowledge and cultural equity that the Indian diaspora across Africa has in abundance about local business conditions and customs. It is estimated that there are as many as two million people of Indian origin living in Africa. Though the bulk of the diaspora is in countries like South Africa, Kenya, Tanzania and Nigeria, Indian businessmen and even teachers and professionals can be found in virtually every African country. For a variety of reasons, these communities are not so well integrated within the political and cultural milieu of their host countries. But the more economic and cultural interaction there is between India and Africa, that could well change.
- Sixth, the “commerce of ideas” that Mahatma Gandhi envisaged the future relationship between India and Africa to revolve around should be made a central element of Indian policy. The 2.2 billion people of India and Africa share many problems and could learn from each other's experiences in resolving these. Promoting partnerships between the media and academic communities might be one way to do this. Innovative work in the field of handicrafts has just started and the rich field of cultural interaction

has remained practically unexplored. As much if not more than business deals and lines of credit, it is this commerce of ideas which will provide true depth to the emerging partnership between Africa and India.

## India in Africa

### International:

- The second India-Africa summit at Addis Ababa has set the stage for a comprehensive re-engagement between the world's largest democracy and an emerging continent. The Africa-India Framework for Enhanced Cooperation and the Addis Ababa Declaration adopted at the summit envisage economic and political cooperation, and also cooperation in a host of other areas including science and technology, social and infrastructure development, tourism, culture, and sports. Africa and India recognise the opportunities they bring to the table for each other; both are now better positioned to use these opportunities in ways that can give substance to the old political slogan of 'South-South cooperation.' As a leading player in the global economy, it is natural for India to seek participation in a resource-rich continent that Prime Minister Manmohan Singh has described as the "new economic growth story." His announcement of a \$5 billion credit line over the next three years was the eye-catcher of the summit, but clearly, African nations are interested in enhancing their own skills and capabilities. India, with its substantial technology knowledge pool, is well placed to contribute to such capacity-building. This will also help in better utilisation of Indian financial assistance — of the committed credit line, unused funds from a previous financial package comprise \$3.4 billion.
- Following the first summit in 2008, India initiated several such efforts, including the Pan-African e-Network Project across 43 countries, which drew appreciation from the beneficiary countries. That new proposals for capacity-building discussed at this summit cover fields as diverse as information technology, textiles, food processing, and weather forecasting underscores the needs of a continent seeking to stabilise itself economically and politically. As important, it highlights Africa's recognition of rising India's capabilities to assist other developing countries. The India-Africa relationship is not new; it draws on a long, shared history of struggle against European colonialism, and a determination to ensure equality in the post-colonial world order. Africa has played host to a large Indian diaspora, and independent India was among the first to take a firm stand against apartheid in South Africa. Reducing India's ties with Africa to a 'rivalry' with China is to take a narrow view of history. Given the realities, it is also meaningless — China's \$126 billion trade with Africa is way ahead of India's \$ 46 billion. It is best for New Delhi to use the present momentum to build its relationship with Africa in ways that will be of optimal benefit to both sides.

## Mainstreaming LDCs: Istanbul and beyond

### International:

- Since the international community recognised the special category of Least Developed Countries (LDCs) in 1971 and started extending special benefits to them, their number has increased from 25 in 1971 to 48 in 2011. In 40 years, only Botswana, Cape Verde and Maldives have moved up. Meanwhile, 26 countries were added. Clearly, the development strategy for LDCs needs a course correction. This was

the perception at the Fourth U.N. Conference on Least Developed Countries (IV LDC) held in Istanbul from May 9 to 13, 2011.

- Istanbul was the fourth in a series. The first conference was organised in 1980 in Paris; the second in 1990 was also in Paris. The third was in 2001 in Brussels, which adopted the BPOA.
- Another perception was that the Brussels Programme of Action (BPOA) adopted at the Third LDC conference in 2001 could not achieve full success, though it had a positive impact. The conference participants were convinced that the world should do more for LDCs. The 48 LDCs account for 880 million people. But their share in global trade is one per cent. Their Human Development Index is low; half the people live on less than \$1.25 a day.
- The Istanbul conference adopted the Istanbul Programme of Action (IPOA-2010-2021) and the Istanbul Declaration. There were parleys among stakeholders. LDC Watch, the umbrella civil society organisation, and private sector delegates adopted separate declarations.
- The overarching goal is to overcome the structural challenges faced by the LDCs to eradicate poverty and move up. The IPOA target is for half of the LDCs to move up by the end of decade — a tall order. The other five objectives within this broad goal are: to achieve sustained, equitable and inclusive economic growth; to build human capacities and foster social development; to reduce economic and natural vulnerabilities; to ensure enhanced financial resources, including larger ODA and their effective use; and to enhance good governance.
- The eight principles underlying the development strategy are: country ownership and leadership of the development process; integrated and holistic approach to the process; genuine partnership between LDCs and their development partners, result orientation with effective monitoring and assessment; ensuring peace, security and human rights; equity at all levels in the development process; effective voice and representation of concerns of LDCs in the international economic system; and balanced role of state and market considerations.
- The IPOA also lists eight priority areas: productive capacity with special focus on infrastructure, energy, science and technology, and private sector development; agriculture, food security and rural development; commodities; human and social development; emerging challenges like economic shocks and climate change; mobilising financial resources; and good governance at all levels.
- Besides, actions to be taken by LDCs and their development partners in the implementation of IPOA in each priority area are elaborated. The last section highlights, for the first time, the complementary role of South-South cooperation in IPOA implementation. However, it added that South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation.
- This appears to be a victory for Indian diplomacy. India organised an India-LDC Ministerial conference at Delhi in February. Its declared purpose was to harness the positive contribution of South-South cooperation for LDC development and to strengthen the mutually reinforcing development partnership with them.
- Though the IPOA tried to address the new challenges of climate change, food and energy security and the global financial crisis, two elements may hamper LDCs' capacity to face them. First, the climate change negotiations are not making headway. The new financial commitments made by developed

countries for mitigation and adaptation are not additional funds, but funds diverted from ODA. The Doha Round of trade negotiations is stalled.

- One big hurdle in the implementation of the IPOA will be the non-realisation of ODA commitments made by developed countries. The experience of ODA flow during the last decade is instructive. Under the BPOA, developed countries agreed to give between 0.15 and 0.2 per cent of their GNP as ODA by 2010. However, only nine countries have met the targets. In Istanbul, the developed countries were less than willing to enhance their percentage. Moreover, defaulters have the liberty to enhance their contribution from 0.15 to 0.2 per cent after 2015.
- Both BPOA and IPOA claim to adopt a comprehensive and holistic strategy for LDCs' development. However, this does not take into account the nature of domestic factors and glosses over the socio-ethnic conflicts and political instabilities and lack of democracy in many LDCs under the rubric of achieving good governance.
- Development and mobilisation of human resources and their conversion into agents of change rather than the recipients of development benefits may do the trick by reducing the space for social and political conflicts and tensions. The relationship between democracy and development needs better appreciation. In spite of these apprehensions, the IPOA breaks fresh ground by focussing on the productive capacity of LDCs, larger private sector involvement, South-South cooperation and monitoring of the implementation process.

## Growth with social justice

### Socio-economic:

- Discontent worldwide is reaching dangerous levels. In three-quarters of the 82 countries with available information, a majority of individuals are getting increasingly pessimistic about their future quality of life and standard of living. This all points in one direction: mounting frustration with a lack of jobs and decent work.
- More than 200 million people are officially unemployed worldwide, including nearly 80 million young women and men eager to secure their first job. Both figures are at their highest points ever, but this is only the tip of the iceberg. The number of workers in vulnerable employment — 1.5 billion (around half of the world's labour force) — and persons working but surviving on less than US\$2.00 per day — 1.2 billion — is on the rise again.
- The bottom line is this: the current growth model that has evolved since the early 1980s has become economically inefficient, socially unstable, environmentally damaging and politically unsustainable. It no longer commands legitimacy. People are rightly demanding more fairness in every aspect of their lives. This no doubt contributed to mass uprisings in North Africa and the Middle East as well as significant protests in a number of industrialised countries and other regions.
- Global productive investment as a percentage of GDP — the source of job creation — has stagnated. Instead, we have a continuously rising share of profits coming from financial operations with negligible

employment creation. Global wage growth has been cut in half, trailing productivity increases. Income gaps between the top 10 per cent and the bottom 90 per cent are widening, with the middle class squeezed in between.

- There are limits to how much inequality a society's social fabric can bear. There are many signs that the limits are fast approaching or have been breached.
- There is an urgent need to improve on the market outcomes and gains from international trade and investment. This can be achieved through increased integration between macroeconomic policies and labour market and social policies — for example, by making employment creation a targeted macroeconomic objective alongside low inflation and sustainable public budgets.
- In short, we need a new era of growth with social justice inspired by a practical vision of sustainable development — an era where people's needs are at the heart of policy-making, the benefits of globalisation are shared equitably, and voice, participation and democracy can flourish. At the 100th Session of the ILO's tripartite International Labour Conference which began this week (June 1-17, 2011), government, employer and worker delegates will consider how they, as representatives of the real economy, can assume their responsibility in meeting these challenges.

## **A better land acquisition bill**

### **Political:**

- The longstanding demand to correct anomalies in the Land Acquisition Act (1894) and check its misuse, and the impending Uttar Pradesh Assembly election have compelled the United Progressive Alliance government to come up with a much-improved piece of legislation. In speedily reshaping the proposed Land Acquisition, Rehabilitation and Resettlement Bill, which has been placed in the public domain as part of a pre-legislative consultative process, Jairam Ramesh, the new Cabinet Minister for Rural Development, has wisely departed from his predecessor's approach by integrating acquisition with rehabilitation and resettlement measures. Following the National Advisory Council's recommendations, the bill has commendably increased the compensation amount and enhanced the solatium to 100 per cent. It rightly prohibits the acquisition of irrigated multi-crop agricultural land. A pre-notification discussion with local bodies is a procedural innovation that should help reduce litigation and speed up the process of just acquisition. By making it mandatory to obtain consent from 80 per cent of the affected people before the acquisition notice is issued, the proposed legislation seeks to ensure that consultations are held with those affected.
- An unambiguous definition of public purpose is critical. Unfortunately, the draft bill misses out on this. Of the four categories of public purpose mentioned in the final draft, two — especially the section on acquiring land for private companies — are the most debatable. The bill does not clarify how private and public purpose in a private project will be evaluated. To argue that private projects contribute to economic growth and improve employment is to resort to specious justification. As witnessed in the past, vague definitions tend to be grossly misused. The state can extend its help when small parcels of land, for reasons of legality in property title, hold up a large project, but it must not intervene wholesale. To make up for the rampant undervaluing of land transactions, the bill proposes to triple the value of rural properties identified for acquisition. But it ignores similar problems that plague urban areas and deny fair valuation. On the other hand, the proposal to look at alternative forms of

compensation, such as allocation of a share of the developed land, is confined to urban projects. The proposal to return unused land five years after its acquisition is to be welcomed, but allowing the government to transfer the unused land from one public purpose to another, as suggested by the draft, will abet misuse. The shortcomings of the qualitatively improved bill must be removed without delay.

## Sound policy shift

### UP land acquisition:

- The Uttar Pradesh government's new land acquisition policy, announced in the face of farmers' protests and impending elections, is a significant improvement over existing practices. It is sounder than the amendments to the central Act proposed by the UPA government, which have been awaiting enactment since 2007. Poor compensation calculated on rates based on the pre-development phase, a lack of consultation, and cumbersome procedures have marred the whole business of land acquisition across India. Unlike land acquired for public projects such as construction of roads, the state-enabled forcible takeover of farmland to promote private development has been strongly and rightfully challenged. The Mayawati government has commendably attempted to address some of these issues. First, the government will henceforth not directly involve itself in acquiring land for private developers. Secondly, the acquisition will not proceed without 70 per cent of the farmers consenting to the project. Thirdly, on top of the cash compensation, 16 per cent of the developed land will be given to them. In the case of land acquired for roads and canals, each affected family will be provided with a job, along with shares in the development company. These new measures are to be implemented prospectively. This means, the farmers of Bhatta-Parsaul villages who started the agitation will, unfortunately, not benefit from them.
- The new policy, which sensitively integrates compensation with rehabilitation, paves the way for consensus-building. However, there is scope for improvement. For instance, the percentage of allotment of developed land need not be a fixed figure; it can be related to the extent of the impact of a project and the scale of acquisition involved. Small farmers may find it difficult to handle complicated share transactions, so simplified procedures must be put in place. Alternatives to land acquisition also need to be encouraged. For example, a study of international land acquisition practices has shown that land readjustment followed in countries such as Japan and South Korea is an alternative worth considering. This system encourages landowners to collectively negotiate land transfers and seek either land-for-land exchange or other forms of stake-holding and compensation. In India, land and development are State subjects but acquisition of land falls under the Concurrent List. The central Land Acquisition Act, 1894 is the legal instrument that is widely used by many State governments. The Mayawati government's change of course is a reminder to the UPA that the central Act needs comprehensive and urgent change — placing equity and justice at the centre of the process.

## The nation state and its territory

### Political/Essay:

- The nation state and its territory are symbiotically bound together, inseparable and inviolable. The

diminishment of one leads inescapably to the diminishment of the other. This, the classic (and idealised) view of what constitutes the nation state, has remained more or less unchanged since the middle of the 17th century, despite the constant internal and external challenges to the supposedly inviolable territoriality of many sovereign nations, the changes that have come about in 'unalterable borders,' and the emergence of new nation states.

- The series of treaties known as the Westphalia treaties, which ended the Thirty Years War (1618-48), are the basis of the modern nation states in Europe. This concept has, over the years, acquired universal applicability and is now the foundational basis for modern nation states everywhere, including India. Over and above this is the Indian nationalist view that from times immemorial, India has been a civilisational state, Bharat Mata, mystically transcending the narrow legal definitions of European theorists of what constitutes the modern nation state.
- This is not unique to India. Every nation state, whether it formally came into being within living memory or has been a stable polity for centuries, views itself as a unique and inviolable territorial entity. Many also evoke the image of the nation state as the Eternal Mother, especially in periods of national crisis.
- The struggles for sovereignty going on in Assam and its neighbourhood in northeast India are a case in point. In popular perception, the whole region comprising seven States (with the artificial addition of Sikkim to the Northeastern Council, eight States) is aflame with violent separatist insurgencies. In reality, serious separatist or sovereignty struggles with some political and organisational substance to them, and a cadre trained in the use of arms to take forward such sovereignty aspirations, are a reality in only three States of the region — Assam, Manipur and Nagaland.
- While the leaders of the dominant separatist outfits in Assam and Nagaland are engaged in discussions with the Government of India — for over a decade in Nagaland — the situation in Manipur is rather more complicated. The prospect of such outfits in Manipur coming on board and talking to the government is now linked, in the view of the insurgent leaders — not all of whom are clear about their objectives or even their readiness to talk — to the Government of India accepting some preconditions. The most important of these is that the government must agree to hold “a plebiscite under international supervision” to ascertain the will of the people of Manipur on sovereignty and independence.
- On the face of it, such a demand is unrealistic. It is also deeply flawed in its apparent perception that the “people of Manipur,” even those who have sovereignty aspirations, have a common perspective on sovereignty and independence. The fact is, the “people of Manipur” comprising three distinct communities do not share a common vision of their past or their future aspirations. The point hardly needs to be laboured.
- However, this is not the place to discuss the nuances of sovereignty narratives of the region, every one of whose seven States, while unique, also shares a commonality of history and memories, and a measure of resentment against 'India.' Rather, in all States, the insurgencies have serious issues with others of their own kind, outfits that too are fighting the Indian state, on what constitutes the existing territory, and the territory of the putative sovereign and independent state that they aim to attain. In other words, while their principal contradiction is with the Indian state, there are serious problems over the territorial imagination of the mutually contending outfits.
- The most striking of such contradictions prevails in Nagaland and Manipur. Nagaland is now one of the States of the Indian Union under the Constitution. It has all the formal appurtenances of a constituent State — executive, legislature, and judiciary, with Kohima having a Bench of the Guwahati high Court. However, the territorial imagination of the Nagaland government — its vision of what its territory should be — or of

the political parties of Nagaland, including the Congress and the BJP (which had two Ministers in the previous National Democratic Alliance government), is no different from that of the three outfits fighting for or committed to Naga sovereignty. Each one of these claims nearly two-thirds of the territory of Manipur, to whose inviolability the government of Manipur is as fervently committed as the most uncompromising of separatist outfits fighting to secure Manipur's sovereignty and independence.

- In other words, territoriality is as central to established nation states that define themselves in terms of their territory, traced to the history and memories of the people, as to the organised or disorganised groups within the territories of a nation state seeking to challenge the territoriality of the larger structure, and carve out a separate territory for themselves. In turn, those who challenge the territoriality and lay claims on the territory of 'existing nation states' themselves have serious contradictions with others mounting similar challenges and, when these are weak, press hard on them.

## Greening India

### Environment:

- The National Mission for a Green India with a planned investment of \$10.3 billion over the next 10 years can have a major developmental impact in more ways than one. Such a massive exercise can raise fresh natural capital that is so vital for the tens of millions of people who depend on degraded forests. It can meet the twin objectives of assigning forest land to tribal and other forest-dwelling communities to enable livelihoods, and relieving extractive pressures on core dense forests to aid conservation of wildlife and biodiversity. The overarching benefit to the environment will be in the form of carbon sequestration to combat climate change. The Ministry of Environment and Forests, which has grasped the imperative to balance these concerns, aims to add an impressive five million hectares of forest cover, and also improve the quality of forests over a similar area. The experience gained from the Joint Forest Management (JFM) programmes of the past will be invaluable. The JFM measures did not live up to their promise in most States and, in some cases, existed only on paper. In the main, they left forest communities feeling alienated. That nearly 40 per cent of open forest remains degraded today reinforces the need for a vastly improved management system.
- A central role for local communities in forest restoration and expansion is envisaged under the new plan. This can help correct the historical imbalance in their role in managing the commons. It must be emphasised, however, that the whole exercise needs to be rooted in scientific practices. Several dedicated young scientists have been working in degraded areas of the Western Ghats to re-introduce endemic plants. These conservation groves, often sitting cheek-by-jowl with plantations and habitations, shelter a lot of endangered animals and birds. This shows that many more eroded ecosystems can harbour the biodiversity that is under pressure. The potential to expand horticulture in these sites, including disused mines, through fruit tree cultivation is worth exploring. Local communities can also be involved in the campaign to control invasive plant species that have been unthinkingly introduced into the environment. These plants suppress indigenous varieties and have overrun vast tracts of forests, reducing their productivity. Overall, the Green India plan, which is expected to provide a higher forest-based livelihood income to three million households, is significant for its attempt to give people a central role in restoring forest health. The legacy of mistrust between the Forest departments and tribal communities must give way to a joint management framework that is grounded in good conservation science.

## Natural gas is no climate change panacea

### ENVIRONMENT:

- Natural gas is not the “panacea” to solve climate change that fossil fuel industry lobbyists have been claiming, according to new research from the International Energy Agency (IEA).
- Reliance on gas would lead the world to a 3.5°C temperature rise, according to the IEA. At such a level, global warming could run out of control, deserts would take over in southern Africa, Australia and the western U.S., and sea level rises could engulf small island states.
- Nobuo Tanaka, executive director of the IEA, told a press conference in London: “While natural gas is the cleanest fossil fuel, it is still a fossil fuel. Its increased use could muscle out low-carbon fuels such as renewables and nuclear, particularly in the wake of Fukushima. An expansion of gas use alone is no panacea for climate change.”
- The IEA also warned that gas could push out renewables, if governments come under pressure to reduce renewables subsidies and opt for gas instead, as gas companies have been urging.
- Industry lobbying
- The Guardian recently revealed the extent of lobbying by the gas industry, which senses a unique opportunity to rebrand itself as green. Previously inaccessible sources of gas are predicted to create a “golden age of gas” with lower prices and plentiful supply.
- When burned for power, gas produces half the carbon of coal.
- “Gas is a fortunate fuel because all its competitors have some problems,” said Fatih Birol, chief economist of the IEA and one of the world's foremost authorities on energy and climate.
- Coal suffers high emissions, renewables can be expensive, and there are safety fears over nuclear after the Fukushima disaster in Japan.

## The ethanol imperative

### Energy:

- India's ethanol blending programme (EBP) for petrol has remained in limbo for too long. The government mandated 5 per cent blending in September 2006; raised the level to 10 per cent in October 2007; and made such blending compulsory in October 2008. Further, in 2008, the Cabinet approved the National Policy on Biofuel, which envisaged blending of biofuels with petrol and diesel to a level of 20 per cent by 2017. Yet, owing to conflicting views among the Ministries of Chemicals and Fertilizers, Agriculture, and Petroleum and Natural Gas, and the reluctance of some State governments to require sugar units to make available adequate quantities of ethanol for the fuel industry — given the more lucrative options offered by the liquor industry — the oil marketing companies have failed to achieve even 5 per cent blending countrywide. Now, adding to the haze, the Prime Minister's Economic Advisory Council has reportedly questioned the rationale behind mandatory blending. Reopening the debate on ethanol blending will amount to undermining a progressive policy decision that conforms to the way much of the world is going as fossil fuel options shrink. That the EBP can improve the country's energy security and reduce its carbon footprint needs no restating.

That there is enough ethanol to go round is also clear. The challenge is to manage and change the sectoral allocations of ethanol. The sugar industry should be encouraged to balance the needs of the fuel industry with those of the potable alcohol and chemical sectors.

- The Economic Advisory Council seems to have concluded that the main advantage derived from the EBP would be to the sugar industry, and this could not be a credible objective for the government to push through the blending programme. In India, a large proportion of available ethanol comes as a byproduct from cane molasses during sugar production. But over the longer term, if ethanol derived from a cash crop such as sugarcane does not seem a viable option in terms of price and availability, other sources should be tapped. India's agri-diversity and wasteland availability offer several options. There have been worthwhile initiatives, including processes using jatropha, seaweed, and cellulose waste from agri-forestry; these should be supported by investment in R&D. If feedstock rationalisation is made possible, the blending programme will be a success. Rejecting retrogressive counsel from no-changers, the government must push ahead with a programme that has been found to be virtuous wherever it has been tried earnestly.

## One billion people disabled

### Social:

- The proportion of disabled people is rising and now stands at one billion, or 15 per cent of the global population, according to the first official global report on disability.
- An ageing population and an increase in chronic health conditions, such as cardiovascular and respiratory diseases, mean the proportion has grown from an estimated 10 per cent in the 1970s.
- But, despite a robust disability rights movement and a shift towards inclusion, disabled people remain second-class citizens, according to the report by the World Health Organisation and the World Bank. One in five experience "significant difficulties".
- In developed countries, disabled people are three times more likely to be denied healthcare than other people. Children with disabilities are less likely to start or stay in school than other children, while employment rates are at 44 per cent, compared with 75 per cent for people without disabilities in OECD countries, the report found.
- Barriers include stigma, discrimination, lack of adequate healthcare and rehabilitation services, and inaccessible transport, buildings and information. In developing countries the picture is even worse. The clear message from the report is that there is no country that has got it right. Italy is a world leader in terms of inclusive education and de-institutionalisation of people with mental health problems but in other areas it is not. In the U.S. the access is phenomenal — it is a civil rights issue. However, if you are looking at poverty and employment it is not good.
- The WHO report, which did not compare countries directly but highlighted best practice, singled out the U.K.'s Disability Discrimination Act 2005, which places a duty on public bodies to promote equality and its direct payment policies for disabled people as an example of good practice.
- The U.K. has done very well, due to its direct payment mechanisms, and benefits like independent living allowance and access to work. It appears that many of these developments are under threat. The axing of the independent living fund and other changes to benefit appear to move away from what was a good situation. The UK has made some real progress and it's good to be reminded that there's something to

celebrate, but the employment rate of disabled people has crept up by only six per cent in recent years to 47 per cent. But it is still only 47 per cent and many people are working below their potential.

## **Pakistan's kashmiri problem**

### **(Pakistan's Kashmir = waziristan)**

#### **International:**

- Long before 9/11, the rise of the Taliban in Afghanistan brought about seismic political changes in north-west Pakistan's political landscape. Inspired by the example of the Islamist insurgents they had fought with, young commanders who had participated in the Afghan jihad began to displace the traditional tribal leadership. In some cases, local Islamist militia were set up. North Waziristan's Dawar tribe, for example, formed its own Taliban as early as 1998-1999.
- Back in 2002, under intense pressure from the United States to mop up jihadists fleeing Afghanistan, General Pervez Musharraf ordered the Pakistan army into the Federally-Administered Tribal Areas, the site of these contestations. Operation Meezan, or Balance, was the army's first intervention in the region since independence in 1947. In 2004, a further offensive targeted jihadist strongholds around Wana, in South Waziristan.
- Less than prepared for the rigours of a counter-insurgency campaign, Pakistan's army was mauled. Lieutenant-General Safdar Husain, the commander of the Peshwar-based XI corps, persuaded General Musharraf to back down, and seek negotiated deals with the jihadists.
- In April 2004, the pro-Taliban legislators Maulana Merajuddin Qureshi and Maulana Abdul Malik Wazir secured a peace deal with 10 commanders of the Islamist insurgency in North Waziristan — an arrangement called the Shakai Agreement. In essence, the commanders promised not to target Pakistan, if the army called off its offensive and let foreign jihadists live in peace.
- Less than seven weeks later, though, the deal fell apart, after the two sides failed to agree on the registration of foreign jihadists — in the main, Uzbeks, Chechens and Arabs. Even though Nek Muhammad, the key signatory to the Shakai deal, was killed in a missile attack, the Islamist insurgency went from strength to strength: North Waziristan is now the most important hub for jihadists fighting the Pakistani state, as well as North Atlantic Treaty Organisation (NATO) forces in Afghanistan.
- The February, 2005, the Srarogha deal went much the same way. Facilitated by the Jamiat Ullema-e-Islam leader Maulana Fazl-ur-Rehman — whose abiding relationship with the Pakistani state has led to his twice being targeted in suicide-bombings this year — the deal saw the jihad commander Baitullah Mehsud agree to expel foreigners from South Waziristan.
- Finally, in 2006, the Pakistan army signed a third peace deal with the Uthmanzai Wazirs of North Waziristan, hoping to stave off the prospect that low-level attacks would escalate into an insurgency. The agreement, in effect, handed power to Islamists; their flag was flown at the function where the deal was signed. Less than a year on, the two sides were at war, once again.
- General Musharraf's desperate peacemaking needs to be understood in the context of the crisis Pakistan

was confronted with after 2001. He was faced with multiple lobbies calling for dismantling the army's historical clients, the jihadists: India threatened war, following the attack on Parliament House in New Delhi; the United States was irked by the support jihadists in Pakistan's cities offered al-Qaeda; military insiders like former ISI chief Javed Qazi argued that the military-mullah alliance made attracting desperately-needed investment impossible.

- Fighting in North Waziristan, without doubt, degrades the jihadist movement's capabilities, but large-scale terrorism will not quickly end. For that, Pakistan needs political resources — a commitment to democratisation and development, and parties that can deliver them — that it simply does not possess.
- For the foreseeable future, Pakistan's descent into the abyss seems inevitable: war or no war in Waziristan.

## Radiation and thyroid cancer

### Health:

- The frequency of papillary thyroid carcinoma occurrence in young people is about 1.5 per million a year. But following the 1986 Chernobyl calamity a sudden 100-fold increase was seen in its occurrence in Ukraine, Belarus, and Russia. In all, nearly 6,000 people developed thyroid cancer; about 4,000 of them had been children or adolescents at the time of the accident. But how does one distinguish naturally occurring thyroid cancer from that caused by radiation? A paper published recently in the Proceedings of the National Academy of Sciences ("Gain of chromosome band 7q11 in papillary thyroid carcinomas of young patients is associated with exposure to low-dose radiation," by Julia Heb et al.) provides the answer. Radiation-specific signature in a particular region of chromosome 7 was found in people who were exposed to radioactive iodine-131 due to the Chernobyl accident. Changes in the number or structure of chromosome 7 were found to be associated with human cancers. While five genes have been identified as tumour-associated candidates, over-expression of one gene serves as a signature of radiation-induced tumour. While none of the patients from the control groups showed any change in the specific region on chromosome 7, 39 per cent of those exposed to radiation carried the signature. The study, which used samples obtained from the Chernobyl Tissue Bank, covered a cohort of 52 radiation-exposed patients and a validation cohort of 28 radiation-exposed patients. The age-matched control groups had no exposure to radiation. Since only a subgroup of those exposed to radiation carried the signature, the scientists postulate the existence of other typical genetic markers.
- Unlike other cancers, radiation-induced papillary thyroid carcinoma is easily preventable. Radioisotope iodine-131, which has a half-life of eight days and the same physical properties as stable iodine, competes with it, and the thyroid gland has no way of telling them apart. Saturating the gland with stable iodine drugs taken as a prophylactic and avoiding the consumption of milk can prevent iodine-131 from entering the gland. Such preventive steps are extremely important in the case of children. These measures, which were unfortunately not taken after the Chernobyl accident, have been adopted post-Fukushima. The new study should serve as a warning to people running nuclear plants that in the light of what we now know about radiation exposure and thyroid cancer, any delay in taking preventive steps will be extremely costly in terms of human lives and well-being.

## Empowering slum dwellers

### Social:

- The United Progressive Alliance government has come up with legislation that might enable progress towards this goal. The model Property Rights to Slum Dwellers Act circulated recently by the Union Ministry of Housing and Urban Poverty Alleviation aims to improve the conditions of an estimated 93 million slum dwellers. The legislation would entitle every “eligible” slum dweller living in a slum to receive a dwelling place of 25 square metres of carpet area or its equivalent land area at “affordable” cost. It would confer property rights in the name of the female head of the household or in the joint name of the male head and his wife. This is a progressive course correction meant to check the prevalent male bias in determining housing rights. The proposed Act lays down a seven-year lock-in period to prevent the sale or lease of the allotted property but sensibly makes provision for mortgaging the dwelling units to raise loans for improving them.
- There are some serious shortcomings in the model Act. The proposal to fix a cut-off date to identify “eligible” slum dwellers and provide the “ineligible” ones only with an “all weather” space for rent and not a proper dwelling needs to be rethought. Arbitrary cut-off dates and a rigid quota system are impractical to implement. Lessons should be learnt from the failed government schemes to regulate urban street vendors. If the social objective is to create slum-free cities, an inclusive definition that maximises the number of beneficiaries is an imperative. It is ironic that this model legislation, which is meant to stop forced evictions, has provisions to imprison and fine people who have constructed “illegal” structures on government land. Securing government property is a separate issue. Housing is a State subject and the success of the recommended legislation will depend on how well it is implemented by the various State governments. In 2007, the Union Ministry through its national housing policy recommended that 20-25 per cent of the built-up area should be reserved for low-income groups in all housing projects, including those built by private developers. This is yet to be implemented in many cities. What is critical is adequate supply of housing for the poor. If the vision of slum-free cities is to be realised, the stock of social housing must be vastly increased.

## India's agenda at the SCO

### International:

- Since its formation in 2001, the Shanghai Cooperation Organisation has slowly begun to establish itself as an important forum for the Eurasian region. As a club that has China and Russia and most Central Asian states as members, there is an obvious strategic dimension to the SCO. In the initial years, Moscow and, to a lesser extent, Beijing used the forum to re-inject a dose of Cold War politics into the region. At its 2005 summit, for example, the SCO asked the United States to set a date for the eventual withdrawal of its troops from Afghanistan. A lot of water has flowed down the Oxus since then. Now that the U.S. has said it hopes to end all offensive operations in that country by 2014, the Shanghai grouping realises it needs to step up to the plate to ensure Kabul has the capacity to deal with those who challenge its authority. Terrorism and Islamist extremism pose a critical challenge to Russia and China and both know the consequences of instability in their wider region. This is where the SCO has an important role to play. The regional format allows its members to involve themselves in economic and even security-oriented initiatives without reviving uncomfortable memories, as in the case of Russia, or triggering unnecessary rivalries, as in the case of China, India, and Pakistan.

- If the SCO can be faulted, it is on its excessively cautious approach to membership. Most groupings go through three stages: a rush of recruits, followed by brief consolidation, and then further expansion. But the Shanghai club closed its doors too soon, holding India, Pakistan, Iran and Mongolia as observers for the better part of a decade. India's attitude, of course, did not help matters. Whether for fear of offending the U.S. or out of a misplaced sense of grandeur, Prime Minister Manmohan Singh preferred to keep his distance from the SCO. The Yekaterinburg summit of 2009, which he attended personally, marked a change. This was also the time South Block realised it needed to get serious about the organisation. Last year, a formal expression of interest was made and now that the SCO, in its summit this week in Astana, has reached agreement on the criteria for membership, India is likely to join soon. It is crucial, though, that New Delhi takes a constructive and long-sighted view of the opportunities the SCO provides for integration of South and Central Asia rather than looking forward to pushing an agenda narrowly focussed on terrorism. SCO members do not need to be reminded at every meeting about the safe haven Pakistan provides to extremism. India's agenda for the grouping must be broader than that.

## A digital ESIC

### Social:

- The Panchdeep project of the Employees' State Insurance Corporation to provide health and social security services to millions of contributor-members through a national digital network from July 1 is a laudable initiative. Workers have been waiting for some measure that ensures they do not lose their welfare benefits simply because they have to relocate. Happily, they will now be able to use their identity cards to access the services in any networked institution. Achieving such scale is no easy task, considering that the membership base of the ESIC stands at 56 million, and the number of hospitals, dispensaries, and offices is 2,220. Networking will also bring about another significant advance: the families of the insured can get health care without the insured member having to accompany them. These are overdue measures, and they lend belated impetus to India's efforts to provide low-cost health insurance and welfare support to workers. Over the decades, the agenda has made only fitful progress. Often, the huge cash reserves with the ESIC have contrasted sadly with the less-than-average quality of its services. Against this backdrop, the 2010 amendment to the Employees' State Insurance Act, 1948 to widen its reach was welcome. The new provisions enabled extension of coverage to any institution with a manufacturing process, and employing 10 or more people, irrespective of the use of power.
- Impressive as the networking achievement is, the ESI system now has to turn its focus on strengthening its core purpose — to safeguard employee health. There are acknowledged problems starting with the sheer demand for facilities, inefficiency, official indifference, corruption, and a lack of accountability. Improving medical infrastructure is a key priority, as is an administrative revamp. A legitimate question is whether the Hospital Development Committees constituted by the ESIC have brought about any perceptible change. Policy concerns at the State level also remain. For example, a liberal approach would facilitate the inclusion of more shops and establishments. The Centre has been appealing to the States to invoke the powers under the Act and lower the threshold for coverage from 20 employees to 10. But not all States have acted. Labour Minister Mallikarjun Kharge told Parliament recently that only Bihar, Punjab, Rajasthan, and West Bengal had issued the necessary notifications. The decision of the ESIC to start 18 medical colleges "in phases" to provide the human resources for its expanding hospital operations is a step forward. At a time of rising costs and debilitating out-of-pocket health expenditure, it is vital that governments widen social security.

## Should water be moved to concurrent list?

### Political:

- The Ashok Chawla committee, which was primarily concerned with the question of rationalising the allocation of natural resources with a view to reducing the scope for corruption, was reported by the media to have recommended inter alia the shifting of water to the Concurrent List.
- The general impression is that in India water is a State subject, but the position is not quite so simple. The primary entry in the Constitution relating to water is indeed Entry 17 in the State List, but it is explicitly made subject to the provisions of Entry 56 in the Union List which enables the Union to deal with inter-State rivers if Parliament legislates for the purpose. This means that if Parliament considers it “expedient in the public interest” that the “regulation and development” of an inter-State river, say the Ganga or Yamuna or Narmada, should be “under the control of the Union”, it can enact a law to that effect, and that law will give the Union legislative (and therefore executive) powers over that river. That enabling provision has not been used by Parliament. No law has been passed bringing any river under the control of the Union. Under Entry 56, Parliament did enact the River Boards Act 1956 providing for the establishment of River Boards for inter-State rivers, but no such board has been established under the Act. That Act is virtually a dead letter. The reasons are political, i.e., strong resistance by State governments to any enhancement of the role of the Central government.
- Let us ignore political and practical considerations, and ask: if the Constitution were being drafted for the first time now, where would one put water? The obvious and incontrovertible answer is: in the Concurrent List. There are several reasons for saying so.
- First, it appears that to the Constitution-makers ‘water’ meant essentially river waters and irrigation. This is quite evident from the wording of the entries. In that context, it might have appeared appropriate to assign the primary role to the States, and provide a specific role for the Centre in relation to inter-State rivers. However, even from that limited perspective, a primary rather than a secondary or exceptional role for the Centre might well have been warranted: most of our important rivers are in fact inter-State, and inter-State (or inter-provincial) river water disputes were an old and vexed problem even at the time of drafting the Constitution.
- Secondly, that limited perspective is in fact inadequate. Water as a subject is larger than rivers; ponds and lakes, springs, groundwater aquifers, glaciers, soil and atmospheric moisture, wetlands, and so on, are all forms of water and constitute a hydrological unity; and there is more to water than irrigation. If the environmental, ecological, social/human, and rights concerns relating to water had been as sharply present to the makers of the Constitution as they are to us, it seems very probable that the entries in the Constitution would have been different. (Incidentally, there are serious concerns now relating to groundwater — rapid depletion of aquifers in many parts of the country, the emergence of arsenic and fluoride in many States, etc. — and it is interesting that there is no explicit reference to groundwater or aquifers in the Constitution.)
- Thirdly, the Constitution-makers could not have anticipated the sense of water scarcity and crisis that now looms large. It is clear that while action will be called for at the State and local levels, the perception of a crisis casts a great responsibility on the Centre: national initiatives will definitely be called for.
- Fourthly, a new factor not foreseen even a few decades ago is climate change and its impact on water resources. This is a subject which is still under study and research, but it is clear that coordinated action will

be called for not only at the national level but also at the regional and international levels. The Central government has necessarily to play a lead role in this regard.

- The theoretical case for water being in the Concurrent List is thus unassailable. Of all the subjects that are or ought to be in the Concurrent List, water ranks higher than any other. The practical and political difficulties of shifting it there remain, but these would need to be overcome.
- However, if those difficulties prove insuperable, then we have to settle for the second best course (a modest one) of greater use by the Centre of the legislative powers relating to inter-State rivers provided for in Entry 56 in the Union List, and re-activation of the dormant River Boards Act 1956. It would further have to be supplemented by recourse to the wide-ranging provisions of the Environment (Protection) Act 1986 (EPA). It is of course possible for Parliament to legislate on a State subject if a certain number of State assemblies pass resolutions to that effect: that was the route followed in the case of the Water (Control and Prevention of Pollution) Act 1974.
- At present, the EPA is being extensively used by the Centre for water-related action. For instance, the Central Groundwater Authority was set up in 1998 by a notification under the EPA. More recently, when it was considered necessary to set up a National Ganga River Basin Authority this was done under the EPA, instead of following the right but difficult course of enacting legislation under Entry 56.
- Finally, putting water into the Concurrent List is not necessarily an act of centralisation, though it could lead to such a development. That danger is real and needs to be avoided. Legislation and executive action must continue to be undertaken at the appropriate level (Central, State or local) in each case. The subsidiarity principle, i.e., the principle that decisions must be taken at the lowest appropriate level, will continue to be valid.

## Is Arab spring wishful thinking?

### International/Essay:

(Just give a casual read to get the essence)

- The expectations and hopes engendered by the events in Tunisia and Egypt at the beginning of the second decade of this century for an Arab Spring sprouting in the Arab world have turned out to be based on wishful thinking rather than on a careful assessment of the specific characteristics of each Arab country as well as of the vested interests of some external powers which wish to see change in a particular direction. Only Tunisia and Egypt have succeeded in overthrowing the previous regimes but even there, we have to wait to see what exactly will take their place. So far, the military in both countries remains all powerful; however, there is reason to hope that eventually, governments with the genuine participation of the peoples will emerge, at least in the short term. If the new governments in Tunis and Cairo, especially the latter given Egypt's crucial role in the Arab world, do not manage to tackle at least some of the problems such as corruption, high prices, and unemployment, the fate of democracy will hang in the balance.
- In the rest of the Arab world, churning is on, but an extremely violent one, not at all ideal for preparing the soil for the seeds of democracy. Three countries — Libya, Syria and Yemen — seem to be competing with one another in terms of the blood of civilians that is being shed in the name of change and reform. In all three, extra-regional powers are significantly involved militarily as well as diplomatically, though the nature and extent of such interference vary. Economic, strategic and energy interests are at stake.
- Libya has turned out to be the cry of despair for those who have committed their armed personnel, scarce

financial resources and, more importantly, prestige in the outcome of the situation there. The conflict has gone on for longer than anyone expected and is costing the western nations more than they would really care to spend. Having pushed through Resolution 1973 with the help of the Arab League, they had calculated a quick and low-cost operation. Like in Afghanistan, Nato cannot afford to pull out without being able to claim victory. Two or three factors have frustrated their plans — Muammar Qadhafi's stubborn refusal to disappear from the scene, the absence of an identifiable and credible alternative leadership, and the continued loyalty of many African states to Mr. Qadhafi. Mr. Qadhafi is no doubt counting on the fatigue — financial and military — factor weakening public support for the Nato operation. Nato strikes killing civilians will further erode support and provide more propaganda ammunition to Mr. Qadhafi.

- According to the present reckoning, the civil war and the de facto division of the country, with massive external involvement, are likely to continue well beyond the three-month extension that Nato has given to its operation. It is also noteworthy that the western media which, at one time, were worried about al-Qaeda having resurfaced in Libya, have now completely ignored this phenomenon — one wonders why. The Africans have become ever more sceptical of western countries since the latter have given up even the pretence of their motivation in intervening in Libya and have made it clear, in words and deeds, that what they are after is regime change in Tripoli. While many countries may not be fond of Mr. Qadhafi, very few would want to associate themselves openly with the goal of regime change anywhere. The international community at large also finds it difficult to understand the need for Nato to destroy the entire infrastructure of Libya, since the Security Council had authorised use of force only to protect civilian lives.
- Syria is a much more important regional power. A lot rides on the outcome of what is going on there — the strategic relationship between Syria and Iran, the situation in Lebanon including in particular the status of the Hizbullah, the fate of Hamas whose leadership is based in Damascus as well as the larger question of Shia-Sunni tensions. (The ruling Alawites are a sub-sect of Shias whereas the majority population is Sunni.)
- Most important, there is the Israeli-Syria question. Israel is reportedly not in favour of toppling the Assad regime. It is not clear why. Perhaps because the alternative could be a fundamentalist Muslim Brotherhood government. On the whole, however, the western powers would welcome a change in Damascus, though its leaders have refrained from admitting it publicly; breaking the Syria-Iran axis would be a tremendous achievement. Again, it is precisely this barely concealed desire for regime change which most non-western countries find difficult to reconcile with. There are credible reports suggesting that the Assad regime enjoys considerable support among the people. The protesters in Syria, taking a cue from the rebels in Libya, have formed a 'national' committee which is the best way to get political and financial support from the West.
- Yemen, in many ways, is the most complicated situation. It is infested with the maximum external interference — Saudi Arabia, U.S., Iran, GCC and assorted countries. At one time, its long-serving President had accepted the principle of resigning and leaving, but since seems to have changed his mind. The injuries he suffered in an attack on his compound and consequent flight to Saudi Arabia have paradoxically given him time to consolidate his position and strengthen his support base in Yemen. The south wants to secede and parts of north want to merge with the big northern neighbour, but the latter is not interested, it seems. The Shia-Sunni act is also being played out there. Al-Qaeda was reported to have captured a town, Zinjibar, in the south, but it was suspected to be a diabolical move of the President who, thereby, calculated to win the sympathy of the Americans. The latter are exploiting the situation and relentlessly bombing suspected concentrations of the al-Qaeda, hoping to eliminate its leadership.
- No one is saying a word about the most important country in the region. President Obama exercised admirable skill in avoiding the mention of Saudi Arabia in his speech on the Arab world a few weeks ago. The House of Saud is unhappy with Mr. Obama because he did not defend vigorously enough his, and Saudi,

friend Mubarak. The King was also annoyed when the Americans expressed, admittedly not too strongly, reservations about the Saudi intervention in Bahrain. It must be acknowledged that the entire international community has a stake in the stability of the most important oil price stabiliser in the world and that is why nobody, not just the Americans, is saying anything about that country. The people of Saudi Arabia might also be somewhat less enthusiastic about change or reform in their country in view of what is happening in their immediate neighbourhood. However, if genuine democratic movement takes root in the rest of the Arab world — a big 'if' — the Saudi regime will have to reform at however slow a pace. In the meanwhile, Morocco and Jordan are reported to have been invited to become members of GCC. GCC will have to change its name.

- In Bahrain, the king, with Saudi help, has managed to suppress the majority Shia community, at least for the time being, but it has not been silenced forever. The reform movement is alive, though not kicking, at the moment. Since the U.S. has such an enormous stake in and around Bahrain, it will make sure that the king and his entourage, especially the crown prince, will respond positively at least to some of the demands of the protesters if that is the only way to protect its interests. Bahrain presents a fascinating case study where the interests of the dominant regional power, Saudi Arabia, are to some extent in conflict with the interests of the most powerful country in the world, United States.
- Overall, the prospects of a meaningful Arab spring do not look bright as of now.
- In the circumstances, it makes sense for India to maintain relative silence on the events in West Asia and North Africa and not to identify itself with one or the other side in multilateral institutions. We have substantial interests in the region, going beyond energy sources. The fate of five million Indians employed there is a matter of great importance and concern to us. At the same time, we must take steps to protect our present and future interests in the region. It would be in order for us to express serious concern and distress at the loss of life and property, for example in Libya and Syria. The latter must scrupulously abide by its commitments under the NPT, and we should express hope that at least some aspirations of the people for reform would be satisfied. We must not assume that no change will ever take place in Syria or any other country. At the same time, we should establish contact with the so-called transitional council based in Benghazi. It is more than probable that that group might become better organised under western diplomatic and military guidance and come to at least share power in Tripoli at some time in future. Contacts with them now will stand us in good stead then. We could also activate BRICS and/or IBSA and issue common statements agreed through diplomatic channels.

## Renewing e-waste

### Sc & Tech:

- The e-waste (Management and Handling) Rules, 2011, notified by the Ministry of Environment and Forests, have the potential to turn a growing problem into a development opportunity. With almost a year to go before the rules take effect, there is enough time to create the necessary infrastructure for collection, dismantling, and recycling of electronic waste. The focus must be on sincere and efficient implementation. Only decisive action can eliminate the scandalous pollution and health costs associated with India's hazardous waste recycling industry. If India can achieve a transformation, it will be creating a whole new employment sector that provides good wages and working conditions for tens of thousands. The legacy response of the States to even the basic law on urban waste, the Municipal Solid Wastes (Management and Handling) Rules, has been one of indifference; many cities continue to simply burn the garbage or dump it in lakes. With the emphasis now on segregation of waste at source and recovery of materials, it should be

feasible to implement both sets of rules efficiently. A welcome feature of the new e-waste rules is the emphasis on extended producer responsibility. In other words, producers must take responsibility for the disposal of end-of-life products. For this provision to work, they must ensure that consumers who sell scrap get some form of financial incentive.

- The e-waste rules, which derive from those pertaining to hazardous waste, are scheduled to come into force on May 1, 2012. Sound as they are, the task of scientifically disposing of a few hundred thousand tonnes of trash electronics annually depends heavily on a system of oversight by State Pollution Control Boards. Unfortunately, most PCBs remain unaccountable and often lack the resources for active enforcement. It must be pointed out that, although agencies handling e-waste must obtain environmental clearances and be authorised and registered by the PCBs even under the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, there has been little practical impact. Over 95 per cent of electronic waste is collected and recycled by the informal sector. The way forward is for the PCBs to be made accountable for enforcement of the e-waste rules, and the levy of penalties under environmental laws. Clearly, the first order priority is to create a system that will absorb the 80,000-strong workforce in the informal sector into the proposed scheme for scientific recycling. Facilities must be created to upgrade the skills of these workers through training and their occupational health must be ensured.

## Bangladesh: restoring secular constitution

### International:

- For the first time after 1975, Bangladesh has got the opportunity to correct calculated distortions to its original Constitution framed in 1972, following independence of former East Pakistan. The ruling grand alliance, led by Prime Minister Sheikh Hasina, holds a three-fourths majority in Parliament, more than the two-thirds required for bringing changes to the Constitution.
- Declaring military rule unconstitutional, the supreme court has restored the four basic principles — democracy, nationalism, socialism and secularism — which were the pillars of the state.
- The Awami League-led alliance, bound by its promise to restore the lost state principles, formed a special parliamentary committee for recommending suitable amendments. The committee, after a year-long exercise, placed its recommendations before Parliament. These recommendations will be included in the upcoming Constitution bill, to be endorsed by Parliament.
- Indiscriminate amendments were made to the Constitution by the first military regime led by Gen Ziaur Rahman, founder of the BNP, following the assassination of Bangladesh's founding father Sheikh Mujibur Rahman in 1975 . The amendments not only changed the fundamental principles of the state but also destroyed its secular character, allowed politics based on religion, and provided political rights to the anti-Liberation War forces, even the war criminals. Besides, the secular 'Bengali nationalism,' on the basis of which the Bangladesh war was fought, was replaced with 'Bangladeshi nationalism'.
- Grabbing state power in 1982, General Ershad made Islam the state religion. This gross deviation from the original Constitution radically altered the political landscape, helping in the rise of religion-based political parties, which had been banned on charges of war crimes.
- Now, for the first time, Bangladesh is set to give constitutional recognition to Mujibur Rahman, and incorporate the historical facts of the "Declaration of Independence" on March 26, 1971 by Mujib, his March 7, 1971 public speech that led to the armed struggle, and the "Proclamation of Independence" by the elected representatives who formed the provisional government to lead the war in April 1971.

- Nonetheless, there are apprehensions among the liberals that if the non-secular provisions, including the right to religion-based politics, are not removed, fanatics would become more desperate to turn Bangladesh into a state similar to Pakistan. This compromise may alienate a vast majority of young generation voters who, under a new ethical awakening, voted overwhelmingly for the Awami League in the crucial 2008 elections.
- The Supreme Court has paved the way for preventing a military takeover in future and restored the secular spirit of the original Constitution. Islam, however, shall remain state religion as it was not covered by the judgment. The court vehemently denounced military rule and the suspension of the Constitution by a martial law proclamation.
- There are a few important amendments suggested by the special committee, which includes a new Article. It says any unconstitutional seizure of state power should be considered treason and persons involved tried on the charge of sedition. The committee has also recommended a new Article to ensure preservation of the heritage of the ethnic minorities and their development.
- According to the recommendations, war criminals, now undergoing trial, cannot contest the national election. Besides, the committee recommended women's empowerment, and protection of bio-diversity and environment.
- The secularists have also pointed out that the independence of Bangladesh means independence from the dreadful practices of categorisation by the professed faiths. They hope that Parliament will do its part to preserve the Constitution that represents the nation's heroic struggle for independence from a false statehood on the basis of religion.

## **RBI's nuanced approach to inflation**

### **Economy:**

- The Reserve Bank of India's annual monetary policy statement in May and its mid-quarter review last week, by many yardsticks, are seen as a break from the past. That only few observers have commented on the new look policy is most certainly due to the fact that the monetary policy, unlike the fiscal policy (the Union budget), hardly evokes the kind of widespread scrutiny or excitement. That remains so despite recent attempts to make the monetary policy more accessible to the common man.
- The annual policy statement and the mid-quarter review that followed it fit into the recent mould of policy announcements that strive for transparency and reach out to the common man. One outstanding example is the dissemination of information on what has become one of the core topics in today's public policy discourse, namely, inflation.
- The deleterious consequences of inflation are well known. It will impact adversely on the growth prospects. India's poor with already low living standards will suffer the most. The RBI in its monetary statements has devoted considerable space not just to inflation but also to inflation expectations. The connection between the two has once again been well brought out in the annual policy statement.
- High inflation is being driven by global commodity prices which have surged in recent months. There is every possibility that they may increase further even in the short-term. So there is a real possibility of inflation getting even worse.

- Even the most pessimistic inflation projections of recent months have been exceeded, there are serious concerns that inflation expectations may become unhinged.
- The monetary policy should have a clear and stated inflation objective. Second, the central bank must have the appropriate instruments and have the freedom to use them. Finally, there should be an effective transmission of monetary policy.
- The RBI has recently taken some bold steps:
  - a) a 0.75 percentage point increase in the repo rate over two policy statements (in contrast to the small 'baby' steps of previous policies;
  - b) making the repo rate the sole policy rate; and
  - c) the creation of the Marginal Standing Facility from which banks can borrow at the repo rate plus one percentage point.
- Not only will the RBI be able to manage liquidity better, but it effectively assumes the traditional role as a lender of last resort. Monetary transmission should improve as a result of these changes.

## **Urban partnerships for a sustainable future**

### **Social Infrastructure/Essay:**

- Urbanisation, well-managed, is a chance to put our development paradigm on the right track – on a track that will result in inclusive and sustainable development.
- Managing and making the region's cities liveable for all was at the heart of discussions at the Fifth Asia-Pacific Urban Forum in Bangkok (June 22-24, 2011), organised by UN ESCAP. The Forum brought together government ministers, mayors and city officials from across Asia and the Pacific together with representatives from 30 United Nations agencies and international organisations to discuss emerging urban issues and exchange innovative policies.
- There are four key urban challenges in Asia and the Pacific.
- The first challenge is the sheer scope and pace of urbanisation. Our cities are already home to 1.6 billion people. By 2025, the urban population in Asia and the Pacific will be 2.3 billion people. To put this figure in perspective: we need to provide jobs, housing, water, energy, transport, education and health infrastructure for a city the size of Melbourne — almost every month — for the next 15 years is an enormous challenge.
- The second challenge facing our cities is unsustainable development. As a region, Asia and the Pacific have achieved spectacular economic growth and poverty reduction. Producing over 80 per cent of the region's GDP, cities have been at the forefront of this economic growth. However, this 'growth first' strategy has come at a cost. Cities account for 67 per cent of all our energy use, 71 per cent of all our green house gas emissions and generate 300 million tons of solid wastes per year. Our people suffer from congested roads, energy and water shortages, and air and water pollution.
- While coping with the impacts of unsustainable development, we are faced with the third challenge: that of climate change. Over 50 per cent of Asia-Pacific's urban residents live in low lying areas and are at risk from extreme weather events such as floods and typhoons. The frequency and intensity of climate related

disasters will increase — affecting our economic, energy, water and food security. While natural disasters affect both the rich and the poor, it is the poor who suffer most because they do not have the assets to cope with risks and vulnerabilities.

- The fourth challenge is most daunting: the urbanisation of poverty, manifested by slums and squatter settlements. Thirty-five per cent of urban residents of the region live in slums. Urban Asia includes persistent disparities in income as well as in access to services and opportunities. Without addressing this, the grievances that stem from these disparities will sap the hope we presently hold for our urban future.
- Despite these challenges, our vision for the future is one where cities are socially just and inclusive, environmentally sustainable, and increasingly, resilient to climate change and other shocks, while being the engines of economic growth.
- To get there, we need to reform urban planning and infrastructure design to make our cities compact and eco-efficient. We need to maximise the benefits of mass transit and transport systems. We need to invest in eco-efficient buildings and infrastructure, clean water, sanitation, waste management and smart energy grids.
- Secondly, we need to engage civil society and businesses to promote more sustainable life-styles. The private sector needs to embrace the well-being of our people and our planet, while generating profits. Our prosperity must be shared.
- Moreover, up-scaling of innovative solutions, green infrastructure technology and services will not only improve the lives of the poor, it could also turn them into pioneers of a low-carbon and sustainable future.
- Lastly, we need to ensure that the poor have access to more secure housing and strengthen their ability to recover from disasters through community-based finance, micro-insurance schemes and social protection.
- Adopting inclusive and sustainable development strategies will not be easy. It will require transforming the way we plan, manage and govern our cities. The governments of Asia and the Pacific, at both the national and local levels, can work to promote integrated approaches to urban governance and development.
- We can make our cities liveable places of shared prosperity, social progress, cultural vibrancy and knowledge and ecological sustainability. If we get it right in Asia Pacific, we get it right for two-thirds of humanity. And our children will inherit a promising future.

## The best CBM yet

### International:

- India and Pakistan have taken their re-engagement another commendable step forward with the meeting between the two Foreign Secretaries. Considering the difficulties in relations since the Mumbai 2008 attacks, each official interaction must be seen as an important incremental step in the rebuilding of bilateral relations, to which there is no alternative. As Foreign Secretary Nirupama Rao rightly said, it is time that “a vocabulary of peace,” rather than an ideology of military conflict, determined the way the two countries view each other. These talks capped a series of meetings between officials held since March, following the pattern of the Composite Dialogue process but without calling it that. That these discussions were able to pick up threads abandoned after the Mumbai attacks, including those on relaxing the visa regime and concessions to improve bilateral trade, is encouraging. The Foreign Secretaries discussed the possibilities of

more Kashmir-specific confidence-building measures, or CBMs, and the scope for improving those in existence now. Also taken up were CBMs to mitigate the nuclear shadow over the subcontinent and the excessive military build-up on both sides, as was the issue of terrorism. That both sides had to agree through a joint statement to the “cessation of hostile propaganda” is telling about how far this had gone and should be cause for introspection in the news media, which often provides a platform for such propaganda. But what was uplifting was the acknowledgment that “the people of the two countries are at the heart of the relationship.”

- Last week, one Pakistani demonstrated that nothing is truer when it comes to India-Pakistan relations. Ansar Burney's act of mobilising funds to free not just the Pakistani sailors held by pirates on the m.v. Suez, but also the Indian ones, has provided exemplary substance to that phrase ‘people-to people contact.’ The subsequent mid-sea scuffle between the Indian and Pakistani navies as the rescued ship was being escorted to Karachi only reiterated the truth that the peoples are more capable of civilised engagement than the two states. The human rights activist's decision to help the Indian hostages is all the more heart-warming, considering the hostility he faced from the Pakistani media the last time he assisted an Indian in March 2008, when his efforts led to the release of the death-row prisoner Kashmir Singh from a Pakistani jail after a 30-year-long incarceration. Worse was the shabby treatment meted out to him by India, which deported him from the New Delhi airport in June 2008 on the unexplained ground of “inadequate documentation.” Evidently, Mr. Burney carried no grudge about this. He has shown by deed that humanism is the best CBM.

## The NSG challenge

### International/Energy:

- The Nuclear Suppliers Group may well have been trying to tighten the general rules for the international transfer of enrichment and reprocessing equipment and technology (ENR) but its insistence on membership of the Nuclear Non-proliferation Treaty as a condition of supply has effectively punched a hole in the historic waiver India negotiated with the cartel in 2008. This reversal will, of course, politically damage Prime Minister Manmohan Singh, who promised Parliament in 2006 that his government would start placing Indian civil nuclear facilities under international safeguards only after all international restrictions in the nuclear field had been lifted. But a bigger challenge confronts our diplomatic establishment, which now faces the task of ensuring that the mutual commitments undertaken by India and its nuclear partners are implemented in full. Ever since the July 2005 joint statement with the United States, official India has asserted that all the promises and commitments it was making — the separation of its military and civilian nuclear sectors, the acceptance of international safeguards over its civilian facilities, the placing of huge commercial orders, etc. — were in exchange for full civil nuclear cooperation. The bilateral agreements signed with the U.S., France, and Russia, and the NSG statement on India that emerged after two bruising rounds of negotiations in 2008, were all drafted accordingly. If one side now insists on making unilateral changes, this will be a breach of trust.
- India's initial response to last week's setback at the NSG has been guarded. It has indicated to the three major reactor-supplying nations that they must stand by their earlier commitments. But if they balk or prevaricate, New Delhi will have to exercise the leverage it has. The U.S., France, and Russia are not doing India a favour by agreeing to sell nuclear reactors. The bill for this equipment will run eventually into tens of billions of dollars. India has promised to buy 10,000 MW worth of reactors from the U.S. alone. Then there are the defence purchases the country is slated to make. Smart diplomacy would have meant leveraging these assets in advance. The ENR writing has been on the wall since November 2008, when a ‘clean text’ of the new restrictions first emerged in draft form. Unfortunately, the United Progressive Alliance regime soft-

pedalled the issue, preferring to demarche its partners in private rather than making a big deal out of the fact that the terms of the nuclear deal were being arbitrarily redrawn. Even today, the ENR issue is not a lost cause: like the nuclear embargo itself, this latest unjust restriction on India can be reversed. But only if the government has the political stomach to play hardball.

## The CAG mandate

### Political:

- As auditor to a nation whose institutions of oversight are weak and underdeveloped, the Comptroller and Auditor General of India is more than just the keeper of our national accounts. It is, in many ways, a conscience-keeper and a watchdog, which may not bite but can bark and warn ordinary citizens that something is amiss in the wider affairs of state.
- Like the Election Commission and the Supreme Court, the CAG has managed to protect its integrity and independence despite pressure from various arms of the state. If conducted freely and fairly, a robust audit can serve as a catalyst for corrective action.
- The CAG's observations may be politically embarrassing to the government but they clearly contribute to the public good. Democratic India must ensure that the government takes the work of this constitutionally sanctioned institution very seriously and removes the obstacles placed in the path of a more effective and efficient audit process.
- Aware of the limitations of its mandate, the CAG has asked the United Progressive Alliance government to make three broad amendments in the 1971 Audit Act, which governs the functioning of the audit authorities.
- The first amendment is intended to ensure that government departments reply to audit enquiries in 30 days rather than in the open-ended manner as now.
- Secondly, the CAG wants the statute to stipulate a clear timeframe for the tabling of completed audit reports on the floor of the relevant legislature. The Act, as it stands today, gives the Central and State governments wide latitude in this regard and it is hardly surprising that this freedom has been abused to delay making public the audit reports that contain embarrassing observations.
- The third set of proposed amendments is aimed at bringing the CAG's legal mandate up to speed with the changes that have taken place in the way public money is spent.
- Since the 1971 Act was passed, the 73rd and 74th amendments to the Constitution have been adopted, adding a layer of decentralised governance — and hence expenditure management — to the institutions of the state. Liberalisation has meant public money is increasingly utilised in joint ventures and public-private partnerships. Because of ambiguities in its mandate, the CAG feels unable adequately to audit this vast area of public economic activity. The government should deal with the call for a modernised Audit Act proactively.

## A clean chit for now

### Economy:

- The Reserve Bank of India's latest Financial Stability Report attempts to assess the health of India's financial sector in a holistic manner and pinpoint the incipient risks to stability that may arise in a systemic sense.
- The report declares that India's financial system remains "stable in the face of some fragilities being observed in the global macro-financial environment."
- India's growth momentum has moderated slightly on account of both domestic and global factors, but its economic fundamentals continue to remain strong despite concerns over inflation and the fiscal situation. The widening current account deficit also is not a matter of serious concern for now, although a slowdown in capital inflows could occur as the advanced economies exit from their accommodative policies. However, government expenditure needs to be more tightly managed as part of a well thought-out process of fiscal consolidation.
- The domestic financial markets remain stress-free and are expected to be so in the near future. There has been a strong demand for credit and, consequently, liquidity has tightened recently. One subject of concern has been the currency mismatches that have arisen in the wake of domestic companies relying more extensively than before on external commercial borrowings. A related problem is that many domestic corporate issuers of foreign currency convertible bonds (FCCBs) might face refunding risks by March 2013, when it would be time for redemption. The conversion prices on many of these bonds are much higher than the current prices of the linked equity shares, and it is unlikely that the gap will narrow. The Indian banking system remains well capitalised, with both core capital adequacy and leverage ratios ruling at comfortable levels. Even as credit off-take has rebounded recently, asset quality has improved although certain specific sectors of the economy could pose problems. For now, a rise in net interest income has boosted the profitability of banks, but over the near-term rising costs may weigh in. Banks need to be vigilant in facing up to interest rate risks in the prevailing inflation scenario.

## Conditional cash transfers and health

### Social:

#### (content can be used in essay)

- Over 80 per cent of the world's population lives in conditions without any guarantees to manage life's risks. The United Nations and other international agencies have argued that only 2 per cent of the world's Gross Domestic Product (GDP) is required to provide basic social security to the world's poor.
- Redistributive transfers are not only desirable but are also hallmarks of civilised nations. They have multiplier effects and create more secure societies. Nevertheless, the philosophy, structures, economics and impact of these innovations are debated. Are conditional cash transfer programmes a panacea to reduce poverty and improve health? A scheme related to health is discussed here to highlight the complexity of the issues involved.
- The Janani Suraksha Yojana (JSY) scheme is a conditional cash transfer (CCT) scheme to incentivise the use of health services. It is an intervention for safe motherhood and aims at reducing maternal and neo-natal

mortality among poor women by encouraging institutional deliveries. It integrates financial assistance with delivery and post-delivery care for the mother and baby. The scheme also provides for the identification of pregnant women, antenatal care, assistance with transport and certification, postnatal care, and support and counselling services. Recent additions to these services include the cost of all medication and treatments, blood transfusions, consumables and diet. In some States, the scheme is complemented by the provision of public funds to private service providers in rural areas.

- While the JSY is a path-breaking initiative, its impact, when measured by maternal and child health outcomes, is dependent on the availability and accessibility of good health care services. The failure to document health outcomes of mothers and babies allows poor health care standards in many institutions to be masked by process indicators (e.g. institutional deliveries) employed for assessments. Unless good health care is provided at health institutions, CCTs for institutional deliveries will fall short of their goal of reducing infant and maternal mortality and improving standards of health.
- CCTs as tools to bring about social change, based on a simplistic understanding of issues, are doomed to failure.
- CCTs are not a panacea for poverty, ill health or for stabilising populations. As related to health, they will deliver only within the context of an effective health care system. Without a good public health delivery system, the aim of CCTs to bring people to hospital, to obtain effective health interventions, will be defeated.
- The use of CCTs as a proxy for the delivery of good health care is fallacious. They may change health-seeking behaviour, but it requires a good health care system to reduce maternal and child mortality rates. Similarly, CCTs for population stabilisation, by rewarding contraception and sterilisation, without a basic social security net for the poor will not be utilised and will be ineffective.
- CCTs are complex interventions and part solutions within a range of services provided for people. They cannot be an alternative to good health and social security services. Social determinants of health like clean water, sanitation, nutrition, housing, education, employment and social security play a major role in population health and growth. The use of CCTs should not result in the government abdicating its responsibility of providing public services to the poor. They should also not be viewed as another business opportunity for free market players. While recent efforts at improving health care delivery, food security and employment guarantee have made an impact, they have a long way to go before significantly influencing maternal and child mortality, family sizes and population numbers. CCTs are not complete solutions and call for a nuanced understanding of the strategy, context and issues.

## Universal health care

### Social/Essay:

- Health is currently a privilege in India. Not a right.
- The fundamental reason why our health targets are not achieved is that we set targets without setting strategies; without understanding what is preventing progress; and without putting adequate human and financial resources toward achieving targets.
- First, we equate the number of buildings to available health services. The Planning Commission and Central and State governments only count the number of health centres, without bothering to find out what is

happening at these centres. Surveys have shown the inadequacy of our health infrastructure and that health workers are not staying where they are posted. There are good reasons why health staff do not stay in villages. But health departments have not studied this problem or remedy it. Not only are workers not staying, studies have also shown that they are quite frequently absent without reason. Such unaccountability is treated as routine and not discussed in health policy forums.

- The second reason for a lack of services is underfunding and poor management of medicines, leading to a lack of availability. Often times, the quality of medicines available from these shops and government health centres is poor due to the government's weak oversight on pharmacies and poor procurement policies.
- While planning and funding are major problems, the root of the health problem in India is the lack of adequate numbers of well-trained managers. Many national health programmes cover millions of beneficiaries, yet they are managed by just two or three technical managers who are general or specialist doctors. Most of the time these individuals are without any public health or management training.
- During the last five years, the government has put in significant resources into the National Rural Health Mission (NRHM). Preparations are underway for the 12th Five Year Plan (FYP), and thus we should be looking at what radical changes are needed in the public health system.
- Budgets for health services will need to increase by a factor of three to five times. The national government is committed to take health funding from less than one per cent to two to three per cent of the GDP. This is critical. The government must chart out how the Centre and States will increase these budgets over the next five years.
- Health care is provided by humans. Not by buildings or physical infrastructure. We need to get doctors and nurses to go to remote and rural areas and work there. This means paying them better wages, better housing and other amenities, and making the working environment conducive to their lives. Appreciation of the doctors and nurses who work in remote areas will ensure that younger doctors go to rural areas and serve the poor. Another solution could be to contract private providers, where government providers are unavailable and unwilling to provide services. Gujarat did just this through its much acclaimed "Chiranjeevi Scheme." Here, the government pays private doctors a fixed fee for conducting child birth services for poor women in their private hospitals. "Rashtriya Swasthya Bima Yojana" also provides financial access to care in private and public services to the poor throughout the country. This is truly innovative and revolutionary.
- The health department must have a division of technology assessment that is responsible for identifying and rigorously evaluating potentially useful and cost effective technologies for adoption in national health programmes in India.

## Removing the barriers (disabled)

### Social:

- Creating an enabling environment for people with disability should be among the foremost policy concerns for India, as it makes large investments in infrastructure. The national approach to the question of improved accessibility and opportunity for the disabled has — barring a few exceptions such as access to polling booths — been one of half-measures. Last year, the Centre took the welcome step of constituting a committee to draft a new law to replace the ineffective Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 but failed to press ahead. The Ministry of Social Justice and Empowerment should hasten the framing of this law with emphasis on removing barriers that affect

people with disabilities of different kinds. This is no doubt a demanding task but the World Report on Disability by the World Health Organisation offers comprehensive resources for policy-making. The overarching goal must be to help the disabled achieve physical mobility, social interaction, and gainful employment.

- Universal design is the core principle guiding accessibility. For that to become the norm, India must adopt a culture of accessibility at all levels of government. It must also set mandatory standards. The benefits of changes produced by such measures as friendly footpaths, properly designed toilets, ramp-equipped public buildings, and easy-to-use transport will not be confined to the disabled but will cover a broader range of citizens, including parents with small children and the elderly. Transport access brings new opportunity, and in the case of people with disability the entire travel chain has to be considered for modification. Mainstreaming these goals would require a robust law and a regime of audits and certification. For existing public facilities, an active retrofitting programme will be necessary. Information and Communication Technology has immense potential to assist the disabled, and legal standards would make many more gadgets accessible; the United States has laws that lay down such requirements for telephones, television, and information kiosks. Beyond physical and systemic barriers, though, there is the attitudinal. A glaring example of prejudice is discrimination in employment, which the United Nations Convention on the Rights of Persons with Disabilities prohibits. These are major challenges, but there is no reason why they cannot be addressed with sufficient political will, given the assertive national mood seeking measures to benefit different classes of citizens.

## **The copyright amendment bill 2010**

- The Copyright (Amendment) Bill 2010, approved by the Union Cabinet on December 24, 2009, and introduced in the Rajya Sabha on April 19, 2010, sparked great controversy for a number of reasons.
- First, in an unusual departure from the British legal tradition, inspired by French and German law, the Bill proposes guaranteed royalties for lyricists/composers for the commercial exploitation of their songs. Anticipating that these new rights will force producers to share 50 per cent of royalties with lyricists and composers, these proposals were simultaneously welcomed by the former and condemned by the film industry.
- Second, the Bill introduces the parallel importation of books in accordance with Article 6 of the Trade Related Intellectual Property Rights (TRIPS) Agreement — a provision intended to provide readers in developing countries with books at cheaper prices but which, ironically, in India has been heralded by publishers as the death of books or at least the death of Indian publishing.
- The Bill also seeks to modernise copyright law in view of the challenges raised by the new digital environment and the internet which has been described by the World Intellectual Property Organisation (WIPO) as “the world's biggest copy machine.” While the older technologies of photocopying and taping were expensive, time-consuming and produced copies of lower quality than the original, the internet enables one to make instantaneously unlimited copies of the same quality. Copyright law, therefore, has to rise to the challenge of how to protect the rights of authors of works published on the internet.
- According to the Bill, the answer lies in the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) which address the challenge posed to the protection of copyright arising from

dissemination of works over the internet. Curiously, even though India is not a signatory to either of these treaties which entered into force in 2002 and also refused WIPO's call to sign the treaties in July 2008, the Bill seeks to conform Indian law to these "Internet Treaties."

- The first legal principle enshrined in the WCT and the WPPT is that existing rights will continue to apply in the digital environment. In other words, copyright holders will continue to be protected by copyright when their works are published on the internet. This principle is implicit in section 14 of the existing Copyright Act while not expressly stated.
- The second legal principle of the WCT and WPPT is the "anti-circumvention provisions" which are intended to ensure that copyright holders can effectively use technology to protect their rights and to license their works online by, for example, using encryption technology, access control devices and copy control devices to protect their copyrighted works from cyber criminals hacking into passwords and illegally reproducing their works.
- The main objective of the proposed section 65A in the bill is to enable authors of copyrighted works to use encryption techniques in order to protect their copyrighted works against unauthorised dissemination on the internet. However, Indian law, in any case, severely restricts the use of encryption technology by providing that DoT approval is required for use of encryption levels higher than the outdated 40-key bit length. Today, 128-256-key bit length is required to protect communications from interception.
- In sum, the Copyright Amendment Bill 2010 bravely takes socially progressive steps intended to ensure that lyricists and composers get a fair share of royalties and that Indians will have access to recent editions of foreign works at reasonable prices. However, in order to modernise Indian copyright law, the Bill has to go beyond only copying the provisions of the WCT and WPPT and should incorporate the provisions necessary to ensure that authors have the access to encryption and other technological means to protect their works published on the internet from hacking and can enforce those rights in the courts.

## The property of black money

### Economy:

- Black money is generated by the desire to evade taxes and hide assets disproportionate to known sources of income but populist political discourse on the subject has paid scant attention to this dynamic. Understandably, the focus is on the more emotional — but hard to quantify — problem of illegal bank deposits abroad. Upset by the slow progress made by the government's High Level Committee on the return of black money, the Supreme Court has now justly decided that its work must be supervised. To the extent political considerations are undermining the fight against black money, the SIT could act as a welcome antidote. But the court may also wish to frame the problem more comprehensively. Black money, after all, refers to the sum total of unaccounted income, and not just the funds spirited away to Switzerland, Lichtenstein, or some other foreign safe haven. The SIT must identify the legal and diplomatic tools the government can use to pierce this veil of secrecy. But unless it comes to grips with the overall pathology of black money, the political economy of India is likely to remain vulnerable to corruption.
- In proceeding against unaccounted money, the judiciary — which scores high in public esteem — must push for urgent and far-reaching reforms in the way the Indian property market functions. Corruption in government contracts and licensing may generate large individual chunks of black money but for sheer overall volume, the top culprit is property. Every day, property transactions up and down the country add to the national stock of unaccounted money. Simply put, buyers and sellers collude in under-reporting the true

value of the transaction. Usually, more than half the true sale price is paid in cash, depriving the state of capital gains tax and stamp duty. The cash received is often recycled back into the property market, where the returns are extremely high. What this means is that the focus of public activism, political outrage, and judicial concern on black money ought to be as much inward as it is westward. Seizing the moment, the SIT can and must devise a way to bring our wealth back from abroad. But if it can also push for simple reforms in the property market to clean up transactions, it could make a huge contribution towards ending the problem of black money.

## A new nation is born

### International:

- On July 9 2011, the Republic of South Sudan will join the community of nations. The birth of the Republic of South Sudan has suffused a conflict-ridden part of the world with euphoria. South Sudan, whose eight million people comprise Christians and followers of other African religions, voted in a referendum in January 2011 to separate from the Arab-Muslim dominated north Sudan. The referendum itself was the culmination of a 2005 peace treaty that came after a four-decade long armed struggle by the south Sudanese, backed by the United States and other western powers, in which more than a million people are estimated to have been killed. Foreign dignitaries will converge on its capital, Juba, to watch the new country raise its flag and inaugurate a first President, Salva Kiir Mayardit.
- On the day of its birth, South Sudan will rank near the bottom of all recognised human development indices. It has the world's highest maternal mortality rate. Estimates of illiteracy among the female population exceed 80 per cent. More than half of its people must feed, clothe and shelter themselves on less than a dollar a day.
- At the same time, South Sudan has remarkable potential. With substantial oil reserves, huge amounts of arable land and the Nile flowing through its centre, South Sudan could grow into a prosperous, self-sustaining nation capable of providing security, services and employment for its population.
- Alone, South Sudan cannot meet these challenges nor realise its potential. Doing so will require partnership — a full (and on-going) engagement with the international community and, most especially, South Sudan's neighbours.
- First and foremost, the new leaders of South Sudan should reach out to their counterparts in Khartoum. Strong, peaceful relations with the North are essential. A priority for both countries is agreement on their common border, sustainable relations to ensure both states can benefit from the oil revenues in the region, and cross-border arrangements to continue their strong historical, economic and cultural ties.
- Ironical as it seems, having achieved a hard-fought liberation from Sudan, Africa's 54th nation is now almost entirely dependent on the good wishes of the parent country for its well-being. This is the big challenge facing the new country. South Sudan has inherited the bulk of the undivided Sudan's oil wealth, with which it hopes to transform its present poor economic conditions. It has already generated investment from the world's major economic powers. But the oil refineries are located in Sudan, as is the seaport from which the oil is exported. The pipelines that take the oil to the port are laid across the length of the north.
- South Sudan must also reach out to its other neighbours. Across the globe — and in Africa, especially — the trend is towards regional partnerships. South Sudan will be strengthened by becoming an active participant in the regional organisations of East Africa and developing durable trade and political ties throughout the continent.

- Finally, South Sudan must reach out to its own people. It must find strength in diversity and build institutions that represent the full constellation of its broad geographic and ethnic communities. The basics of any modern, democratic state must be guaranteed: free expression, full political rights, inclusive institutions that extend benefits to citizens of rural areas as well as regions affected by conflict.
- The United Nations is committed to assisting the government of South Sudan meet its many responsibilities. It has proposed a new United Nations mission in South Sudan: to help build the institutions that the country needs to stand on its own.

## Major role of technology in financial inclusion

### Economy:

#### (can be used in essay)

- Technology and financial inclusion are the popular coinage in banking parlays in the country. While technological upgradation and mobile banking are catching up so fast, financial inclusion is tardy.
- Financial inclusion is a major agenda for the Reserve Bank of India (RBI). Without financial inclusion, banks cannot reach the un-banked. It is also a major step towards increasing savings and achieving balanced growth. Recently two conferences were held in Mumbai highlighting these issues; The Sixth Banking Tech Summit of Confederation of Indian Industry (CII) and another one organised by the Society for Worldwide Interbank Financial Telecommunication (SWIFT).
- The reach the country is having with technological progress mobile banking has the potential to emerge as a game changer in terms of costs, convenience, and speed of reach. Business models of banks, telecom operators and other stakeholders need to converge.
- The first priority for banks is to adopt core banking solution (CBS), including all regional rural banks (RRBs). Next, a multi-channel approach using handheld devices, mobiles, cards, micro-ATMs, branches and kiosks can be used. However, it should be ensured that the transactions put through such front-end devices should be seamlessly integrated with the banks' CBS.
- SWIFT appreciates National Payments Council of India's (NPCI) efforts to build a world-class payments system with global ambitions. The mission of the new NPCI is clear: "to build a state-of-the-art, world-class customer-friendly electronic retail payments system available and affordable to all round-the-clock".
- Today, banks are already offering services over mobile to communities that have been historically 'unbanked'.
- In rural areas, where accessibility is a problem, banks are using the microfinance network and business correspondents and facilitators to bring more people under the ambit of banking services. Capitalising on the huge untapped potential in smaller towns and cities and rendering financial services to this segment of people poses a big challenge.
- Often a multitude of operational issues are quoted as reasons for lagging behind in financial inclusion targets. Till such time complete technology integration takes place on all fronts, there are bound to be areas where intermediate brick-and-mortar structures need to be in place. Even with Business Correspondents (BCs) issues arise regarding their supervision and customer grievance redressal. Certain accounting issues in this regard are also being addressed. All these operational issues and many more can be resolved if banks

begin to look at financial inclusion as a business opportunity rather than an obligation to fulfil their corporate social responsibility (CSR) objective.

- Banks have to realise that for Business Correspondent (BC) model to succeed the BCs who are the first level of contact for customers have to be compensated adequately so that they too see this as a business opportunity. Similarly, as regards MSPs (mobile service providers) acting as BCs reports reaching the central bank still suggest that the true spirit of cooperation is yet to stabilise with each still trying to destabilise the other.

## China's ambitious space program

### International/Sc & Tech:

- This year, a rocket will carry a boxcar-sized module into orbit, the first building block for a Chinese space station. Around 2013, China plans to launch a lunar probe that will set a rover loose on the moon. It wants to put a man on the moon, sometime after 2020.
- While the United States is still working out its next move after the space shuttle program, China is forging ahead. Some experts worry the U.S. could slip behind China in human spaceflight the realm of space science with the most prestige.
- China is still far behind the U.S. in space technology and experience, but what it doesn't lack is a plan or financial resources. While U.S. programs can fall victim to budgetary worries or a change of government, rapidly growing China appears to have no such constraints.
- In 2003, China became the third country to send an astronaut into space on its own, four decades after the United States and Russia. In 2006, it sent its first probe to the moon. In 2008, China carried out its first spacewalk.
- China's space station is slated to open around 2020, the same year the International Space Station is scheduled to close. If the U.S. and its partners don't come up with a replacement, China could have the only permanent human presence in the sky.
- Its space laboratory module, due to be launched later this year, will test docking techniques for the space station. China's version will be smaller than the International Space Station.
- Some elements of China's program, notably the firing of a ground-based missile into one of its dead satellites four years ago, have alarmed American officials and others who say such moves could set off a race to militarize space. China, having orbited the moon and starting collecting data on it, is moving toward sending a man there and beyond.
- It hopes to launch the rover-releasing moon probe in about two years. Chinese experts believe a moon landing will happen in 2025 at the earliest.

## The pact in Darjeeling

- Whether the tripartite agreement signed for setting up an autonomous administrative body for the Darjeeling Hills will pave the way for settling the 'Gorkhaland' question — the cause of much bloodshed and agitation in northern West Bengal — is uncertain. The Gorkhaland Territorial Administration pact was the culmination of nearly three years of painstaking talks between the Gorkha Janamukti Morcha, the central government, and the Left Front government of West Bengal. Following a forward-looking decision to set up an alternative to the defunct Darjeeling Gorkha Hill Council (DGHC), the breakthrough came in December 2010 with the GJM accepting the State government's condition that the proposed set-up must comprise elected members, and not nominated ones (as the GJM had until then demanded). The sweep to power of the Trinamool Congress in the State gave the process a push — the party's partnership in the UPA coalition at the centre and its friendly ties with the GJM helped the three sides overcome some obstacles, such as the name for the proposed body, and the administrative powers that would be devolved to it. The GTA, to be created once the agreement gets the legislative sanction, will have substantive financial, administrative, and executive powers, going far beyond what was devolved to the DGHC; against the 39 departments of the DGHC, the new set up is to have 59. Nevertheless, a discordant note is struck by the text of the agreement acknowledging that the GJM, one of the three signatories, has not given up its demand for a separate State while recording the opposition of the other two signatories — the central and State governments — to that demand.
- A committee is to be constituted to go into the GJM's territorial claims in the Dooars and the Terai and in Siliguri, despite the rejection of such claims by the people of these areas. There are apprehensions across West Bengal that the Gorkha leadership will view these concessions as a basis for further agitation. Within a few hours of signing the agreement, Bimal Gurung, the GJM leader, declared that the demand for Gorkhaland had not been given up. This may be posturing to win his constituency's acceptance for the GTA agreement but, on the other hand, it might not be. The hope is that the political leadership of the Gorkha community will focus on working constructively within the scope offered by the GTA. The Centre's promised financial package of Rs.600 crore over three years, aside from the normal Plan assistance to the State, is a huge incentive. The question that nobody can answer at this point is whether this opportunity will be seized to usher in better times for a long-troubled region of the country.

## Say no to TB blood tests

### Health:

- The World Health Organisation recently issued a recommendation against the use of blood tests based on antibody response for diagnosing active tuberculosis, both pulmonary and extra-pulmonary. India's Revised National Tuberculosis Control Programme (RNTCP) has endorsed WHO's advice. Unfortunately, with TB, unlike diseases like HIV, the presence or absence of antibodies does not reflect true disease condition. So these blood tests lack the necessary sensitivity or specificity or both to be used as an effective diagnostic tool. When the sensitivity is low, many people with active TB are likely to be wrongly diagnosed and hence will go untreated (false negative); tests with low specificity will result in people with no active TB getting treated with toxic drugs (false positive). That explains why serological testing based on antibody responses has so far not been recommended by the U.S. Food and Drug Administration and other reputed regulators. However, considering that in high prevalence settings like India, while the specificity of sputum smear microscopy testing is better than 99 per cent, the sensitivity is only 60-70 per cent, finding more reliable and inexpensive diagnostic blood tests for TB is a public health imperative.

- The world body's recommendation is based on a body of evidence, including a study by its special programme for research & training in tropical diseases (TDR), which looked at 19 commercially available rapid blood tests. The WHO concluded that patient safety is adversely impacted by “commercial serological tests [which] provide inconsistent and imprecise findings.” Unfortunately, notwithstanding the unreliability and prohibitive cost, the private sector in India uses the blood tests on “at least 1.5 million people every year,” according to a report in The Lancet published in January 2011. These tests appear to have been done mostly at the expense of sputum examination. For example, a 2006 WHO report, “Diagnostics for tuberculosis — global demand and market potential,” found that in Tamil Nadu and Delhi, less than one-third of patients underwent sputum examination despite multiple visits while doctors based in west India relied solely on chest X-rays for diagnosis. That the government has to curb the availability of serological antibody tests and undertake awareness-building campaign among doctors and the public on the benefits of sputum tests cannot be over-emphasised. This is vital to public health — considering that in India the incidence rate of TB is a high 168 per 100,000 population and the disease kills two people every three minutes.

## Noise by numbers

### Environment:

- The ambient noise data coming from real-time monitoring systems in India's cities indicate that people are at risk of suffering harmful health consequences. Chronic noise in urban centres has been dangerously increasing mainly because of motorisation. In March, the Union Ministry of Environment and Forests took a significant step forward to quantify the problem by setting up real-time monitoring centres in seven cities — Delhi, Mumbai, Kolkata, Lucknow, Bangalore, Chennai, and Hyderabad. These sites are now putting out data round the clock and what they reveal is worrying. The ambient noise in residential and commercial areas is far in excess not just of a healthy level, but the standards set by law as well. This is unacceptable. There is robust medical evidence linking exposure to chronic noise of a certain level with harm. The effects include loss of hearing sensitivity in specific frequencies and non-auditory effects like hypertension, heart rate disorders, and psychological stress. It is time the Centre and the States took this public health challenge seriously. The remedies are there in the Noise Pollution (Regulation and Control) Rules, 2000, which were amended last year to incorporate rising pollution concerns. New sources identified for control included automotive horns, firecrackers, and musical instruments; public places were defined for enforcement purposes.
- The major problem so far in enforcing the law on noise has been the absence of reliable data. A dramatic scaling up of the real-time monitoring system, which is a limited project now with a footprint of only 35 locations in seven cities, can reveal the magnitude of the challenge. It is welcome that the number of locations will be doubled in the existing cities and similar facilities extended to 18 others by 2012. But the data generated by the sensors should be in the public domain on the Internet, if the system is to serve any meaningful purpose. Restricting access to those in authority would obviously defeat the objective. According to the rules, any person can make a complaint to the Designated Authority, such as the police, if the ambient noise exceeds the prescribed standard by 10 dB(A) or more. Yet, without the means to measure the noise level, citizen won't be able to make a complaint and the authority won't be able to intervene. In parallel, the government must launch a campaign to highlight the rules and the ill-effects. India's metros are adding hundreds of new vehicles each day to overcrowded roads. In the absence of a driving culture and legal literacy, drivers are trying to honk their way ahead. This harmful cacophony must stop.

## Prioritize this scheme

### Environment:

- If the Public Bicycle Scheme for 10 cities envisaged by the Ministry of Urban Development can get rolling and achieve critical mass, it can elevate the humble bicycle to a relaxed, mainstream mode of urban transport. Shared bicycles have won attention in many European cities, notably in Spain and France, and have been making inroads in America. There's nothing novel about using a bicycle as a mobility option in India. But what makes the Ministry's plans under the Mission for Sustainable Habitat different is the attempt to move pedal power up the value chain. It will feature modern bicycles, Information Technology-based operations, control and management systems, and high visibility. These qualities can win converts from the users of cars and motorised two-wheelers. The shift is essential because the outcome can reinforce the principle of equity in the use of roads, ease congestion, and reduce pollution. The benefits will be multi-dimensional. The biggest hurdle to greater use of bicycles in India's cities is not lack of popular demand — but a hostile external environment. The National Urban Transport Policy of 2006 addressed the problem of lack of safety for non-motorised transport but bicycle-inclusive city planning has not followed. If this does not get priority, the public bicycle scheme cannot take off in the first tier of cities.
- Bicycles are a low-cost, non-polluting means of getting around but the international experience points to challenges that need to be overcome while implementing shared systems. The Velib in Paris encountered high rates of loss and vandalism but London has fared better and Barcelona's four-year-old Bicing programme has measurably cut down carbon dioxide emissions. There is little doubt that attracting more people, including the better-off sections of society, to this mode of transport will make India's roads safer for the thousands of less affluent cyclists who remain virtually invisible to policymakers. A good start can be made by locating shared bicycle stations in school zones. This can help build loyalty for the programme and community support for re-engineering roads around schools. The 2006 policy did emphasise building segregated rights of way for bicycles and pedestrians but most State governments have ignored the advice, favouring car-oriented development instead. The Urban Development Ministry's plan provides the opportunity to review urban development policies. To advance the egalitarian goal of getting more people to take to bicycles in cities, there must be a conscious effort to restrain motorised traffic and reduce speed. This can be done using road design and policy.

## Marvel of Machu Picchu

### Culture/Heritage:

- There are very few monuments in the world that are as inspiring and uplifting as Machu Picchu. This 15th century ensemble of monuments, spectacularly situated at the altitude of 2,430 metres on the Andes Mountains in Peru, recently celebrated the centenary of its discovery — an occasion to recall its significance and to press home the imperative need to vastly improve its conservation. This self-contained city was abandoned by the Incas about 450 years ago and remained unknown to the outside world till Hiram Bingham, a Yale University explorer, spotted it with the help of local people in 1911. His scientific surveys and writings brought world attention to this magnificent site that includes religious structures, urban quarters, plazas, and terraced farms. Archaeologists, handicapped by a lack of written records, have been unable precisely to state the functions of this complex. However, it is widely believed to have been a ceremonial centre and a royal retreat. Machu Picchu is a showpiece of imaginative construction techniques, which ensured the stability of its structures; intelligent hydraulic engineering principles, which effectively

drained the site prone to torrential rains; and creative geotechnical engineering ideas, which protected its steep slopes from erosion.

- Machu Picchu has of course been designated as a World Heritage site, celebrated as the UNESCO assessment report puts it, as “an outstanding example of man's interaction with his natural environment.” The American Society of Civil Engineers has recognised it as an International Historic Civil Engineering Landmark. Sadly, this cultural landscape, which brings in a revenue of about \$40 million a year to Peru, is not among the best protected. Attention has been paid to the historic ruins, but the area surrounding them is beset with problems. An area measuring 32,500 hectares, including the monument zone, has been declared a protected zone; two master plans addressing issues of development and heritage protection have long been ready; and the number of visitors has been restricted to 2,500 a day. However, conservation efforts, reviewed in 2010, have not made sufficient progress. Insensitive development, poor access to the sanctuary, and the absence of environmental impact assessments continue to take a toll on civilisational heritage. The government of Peru has done well in persuading Yale University to repatriate thousands of artefacts taken away by Hiram Bingham from Machu Picchu, but it has not shown the strong and sustained commitment needed to implement a comprehensive conservation plan. The time to act resolutely is now.

## No death penalty

### Political:

- Article 5 of the Universal Declaration of Human Rights puts it simply: “No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.” The death penalty is the ultimate cruel punishment. Abolitionists tend to advance two main reasons why it must go: it does not deter crime; and, as justice systems around the world are flawed, there is more than a possibility that someone will be punished wrongly, and irrevocably. These are sound arguments, backed by statistics. But there is no more important strike against capital punishment than the sheer barbarity of taking another person's life even under sanction of law. There is no humane method of execution either. Death by hanging, lethal injection, electrocution, beheading, shooting are equally repugnant in their intent to take life, and in the violence they inflict on the condemned person. Proponents of the death penalty argue that this is the only way to compensate, or provide justice to, those affected by heinous crimes such as murder or terrorism. But an ‘eye for an eye’ has no place in a modern, progressive criminal justice system. Internationally, there is an increasing trend towards abolition, with 96 countries doing away with it and 34 countries being abolitionist in practice by observing official or unofficial moratoria on executions. Each of the three United Nations resolutions calling for a moratorium has seen more countries backing it. On the other hand, China, the United States, Iran and other West Asian countries, and countries in South-East Asia buck the trend by frequently using the death penalty.
- In India, there has been no execution since 2004 but that is poor consolation considering the swelling number of those who face the threat of execution. Indian courts handed down 105 death sentences last year, according to Amnesty International. Earlier this week, President Pratibha Patil dismissed the clemency pleas of Murugan, Santhan, and Perarivalan, on death row for the assassination of Rajiv Gandhi. The Home Ministry has advised President Patil to dismiss the plea of Afzal Guru, sentenced to death in the 2001 Parliament attack case. Without going into the possible motives for forefronting these mercy petitions at this politically difficult time for the United Progressive Alliance government, it must be recognised that both were monstrous crimes that deserved the harshest civilised punishment — an actual lifetime in prison rather than the seven to 14-year apology of a life sentence. India must make a clean break with a savage tradition by abolishing capital punishment. An immediate moratorium on executions may be the first step.

## A revolution at 20

### Information Technology:

- Tim Berners-Lee invented the World Wide Web in 1990 and published the first website on August 6, 1991 with the address <http://info.cern.ch>, giving shape to a single information network. A common hypertext language, interconnectivity, and the sea of data it has created in two decades are testimony to its profound impact. With nothing more than access to the Internet and a web browser, users effortlessly navigate the online world using hyperlinks. Thanks to the standardised web, they do this without having to master the more complicated Internet technologies in use a generation ago. In many countries, the www has unarguably democratised information. What is even more significant is that today it enables every individual to become a creator of content, and to publish it. The user 'pulls' materials of choice from websites in contrast to the passive consumer of yesterday, who received content 'pushed' by television. Sir Tim's invention swept the planet because of his laudable decision not to patent it.
- As the public web enters its next decade, its immense potential for good stands out. Going forward, though, it should place in the public domain the thousands of terabytes of data held by governments and institutions. This will help researchers, scientists, economists and other social scientists, to come up with better solutions to problems. Such data have already been paid for by citizens, and by adopting an open, linked approach to their dissemination, low-cost answers to issues can be found. No one has reinforced this thought more vocally than the inventor himself. Tim Berners-Lee forcefully advocates the publication of vast amounts of data that can be both open and linked, to aid decision-making. These can, for instance, pertain to government, enterprise, science, meteorology, and events. Moreover, this is an activity to which the ordinary citizen can contribute his or her bit. The only factor that stands in the way of this transformation is the secretive attitude of established power structures, including opaque government. Let us also recall the advice given by Berners-Lee against doing away with net-neutrality, the system under which all data on the Internet, including web traffic, are treated equally. Privileging one set of high-paying users by giving priority to their data can only create disparities. The power of good is intrinsic to the free web, now an energetic 20, and to the Internet in general.

## Investment sans equity

### Economy:

- The focus of UNCTAD's World Investment Report 2011 is on a fast growing but less understood facet of international production and commerce. The term 'cross-border non-equity modes' (NEMs) appears to be an inelegant description of the fairly common activities of transnational corporations (TNCs), such as contract manufacturing, services outsourcing, contract farming, franchising, licensing, and contractual management. However, it does effectively signify the one common element in them: the absence of an equity investment while contracting out manufacturing or licensing patents and processes to a firm located in the host country. International production is not exclusively about foreign direct investment (FDI) and trade. Investments that fund mergers and acquisitions and greenfield investments involve capital flows across borders. Hence it is customary to classify them as 'cross-border FDI'. On the other hand, the NEMs are a mechanism that allows transnational corporations to coordinate activities in their global value chains and influence the management of host country firms without acquiring equity stakes in those firms.

- The NEMs, which generated at least \$2 trillion in sales globally in 2010, have acquired a significant presence particularly in many developing countries, including India, where governments have tended to put a cap on FDI in many sectors. Under the NEM arrangement, a TNC gains access to the productive capacity of a local partner without putting money into it. In some industries, major NEM firms, including those from developing countries, have become multinationals in their own right. Notable examples from India are software companies that have carved a niche for themselves in the technology outsourcing space. In the process of servicing their clients, they have expanded and established themselves in many countries. Development benefits flowing from NEMs are significant. In many countries, for example, their value addition is as high as 15 per cent of GDP. They employ 18-21 million workers worldwide, a chunk of them in developing countries, aside from boosting entrepreneurial skills and exports. On the negative side, the working conditions are known to be poor at least in some of the NEMs in developing countries. In the West, consumer groups have exposed the seamy side of some contract manufacturing units that have sacrificed safety and environmental standards for short-term profits. It is imperative for the developing countries to beware of the risk of getting tied up with low-value activities and adopt policies aimed at maximising benefits from the integration of domestic firms into global value chains.

## Soft power still needs oxygen of hard power

### International Relations:

- At the Cold War's end, some pundits proclaimed that "geo-economics" had replaced geopolitics. Economic power would become the key to success in world politics, a change that many people thought would usher in a world dominated by Japan and Germany.
- Today, some interpret the rise in China's share of world output as signifying a fundamental shift in the balance of global power, but without considering military power. They argue that a dominant economic power soon becomes a dominant military power, forgetting that the United States was the world's largest economy for 70 years before it became a military superpower.
- Political observers have long debated whether economic or military power is more fundamental. The Marxist tradition casts economics as the underlying structure of power, and political institutions as a mere superstructure, an assumption shared by 19th century liberals who believed that growing interdependence in trade and finance would make war obsolete. But, while Britain and Germany were each other's most significant trading partners in 1914, that did not prevent a conflagration that set back global economic integration for a half-century.
- Military power, which some call the ultimate form of power in world politics, requires a thriving economy. But whether economic or military resources produce more power in today's world depends on the context. A carrot is more effective than a stick if you wish to lead a mule to water, but a gun may be more useful if your aim is to deprive an opponent of his mule. Many crucial issues, such as financial stability or climate change, simply are not amenable to military force.
- Today, China and the US are highly interdependent economically, but many analysts misunderstand the implications of this for power politics. True, China could bring the US to its knees by threatening to sell its dollar holdings. But doing so would not only reduce the value of its reserves as the dollar weakened; it would also jeopardize US demand for Chinese imports, leading to job losses and instability in China. In other words, bringing the US to its knees might well mean that China would bring itself to its ankles.

## Centre draws up new plan for Naxal areas

### Political:

- In a major bid to overhaul governance in areas vulnerable to Left Wing Extremism, the government is all set to launch a Centrally-sponsored scheme for nearly 300 blocks across seven states. The scheme, christened as Central India Tribal Plan, would be implemented from the next year and executed by hand-picked officers with an impeccable career profile under the direct monitoring of the Independent Evaluation Office (IEO) to be set up by the Planning Commission.
- The Commission which is firming up the blueprint has suggested re-casting the focus from the districts to the tribal-dominated blocks where the scheme would be implemented and its execution intensively monitored. This effectively means that the Integrated Action Plan (IAP), which was hitherto being executed in 60 Naxal-hit districts entailing an expenditure of about Rs 3,500 crore, is being re-designed to make it block-oriented to carry out the development works.
- In the 12th Plan, Government is going to cover the entire central Indian tribal belts of Madhya Pradesh, Gujarat, Chhattisgarh, Andhra Pradesh, Jharkhand, Bihar and West Bengal. Government needs to allocate money in a more focused way by ascertaining which area needs how much money.
- To ensure that execution of the scheme doesn't become a business-as-usual exercise, the Commission has suggested that hand-picked officials with an impeccable career profile would be posted as officers equivalent to the rank of Block Development Officers and would be specifically entrusted to execute the scheme in a dedicated manner.
- There is need to entrust officers with exemplary service record to execute this programme. The execution of the exercise would be concurrently monitored by the IEO. This is because there is a need to allow them report independently to the IEO in case they encounter any execution problems.

## Lack of faith is destroying the panchayat system

### Socio-Political/Useful for Essay:

- The beauty of the gram sabha — the lowest rung of governance, is that it never changes, unlike the Lok Sabha. The reason is that the gram sabha is the people themselves.
- This gram sabha is today alive in only a few states and that, too, in a few villages. The reason is that the 73rd amendment, which awarded powers to panchayats, made this transfer optional for the states. Another reason is that states do not trust the gram sabhas sufficiently.
- But a miracle is being wrought in almost all of Kerala and Karnataka, as well as in parts of Madhya Pradesh, Maharashtra, Chattisgarh and Bengal, while villages in other states are still waiting for their states to share their funds, functions and functionaries.

- Panchayats are running schools, inspecting dispensaries, engaging in group farming, harvesting rain and even setting up power plants in these villages. As per the 11th Schedule of the Constitution, 29 subjects are to be devolved to panchayats. These include agriculture, land reforms, housing, rural electrification, education, health centres, and the public distribution system. Similarly, Article 243 G empowers states to give panchayats powers to levy taxes. But unlike the state list and Union list, the list for panchayats is one that is subject to the whims of the state governments.
- Despite the faith in panchayats, the elected representative at the village level is not being trusted to look after his/her own good. The lack of faith is evident not only in the law but also in the slow pace of the devolution of power in most states.
- All 29 subjects have been transferred to panchayats only in Karnataka and Kerala while in Maharashtra, funds functions and functionaries have been transferred in 18 subjects. In Bengal, all three Fs have been transferred in 12 subjects. The figure is 10 in both Madhya Pradesh and Chattisgarh. In all the other states the transfer is yet to take place.
- But states alone are not to blame. The Centre is equally guilty of obstructing decentralisation. The ministry for rural development, which is pushing for an amendment in the Constitution to empower panchayats further, makes it a point to force various programmes worth Rs 15,000 crore down the throats of various states irrespective of their needs.
- It has 21 programmes which are supposed to remove poverty and help villages develop. But funds either never reach villages, or do not reach the needy persons. One scheme for instance offers five kilos of foodgrain as wages but in many states this is unacceptable. In Gujarat, wheat is being given but is not eaten by the people, whereas in Kerala people refuse to work for foodgrain. Thus, despite the good intentions behind the schemes, the people are unable to benefit from them.
- The ministry again insists on building houses for villagers. The number of houses run into crores on paper but many have been found unoccupied because the state has not pursued the matter. Many states are forced to forgo crores of rupees every year as they are unable to use the allotted money in the time frame decided by the Centre. Again much money is lost as the states are unable to generate an equal amount, as desired by the Centre. Consequently, many poor states like Bihar are losing badly needed funds.
- Trust — between the Centre and states and between the states and panchayats — is what panchayati raj needs most of all if it has to achieve its potential.

### **Yes, there is an alternative**

- There are two broad governance issues that concern every citizen in this country today:
- Corruption at different levels in the government, and grievances arising from the government's poor functioning.
- It is amply clear that the people of India want no one to be above the law; everyone, irrespective of the position they hold, should be accountable. Equally, citizens want their day-to-day grievances related to the government addressed in an effective, time-bound manner.
- Recent events have undoubtedly put these two issues at the centre of public debate, and forced the political class to pay attention. Now, however, is the time for reasoned debate. A rational solution needs to be

evolved to address these challenges.

- As the Parliament debates the Lokpal bill, we very strongly believe that two principles must inform all discussions on the matter. First, too much power and responsibility must not be concentrated in any one institution — power corrupts and absolute power corrupts absolutely. The corruption we see today is a result of unaccountable and unchecked power. Therefore, the institution set up to tackle corruption must itself have a proper system of checks and balances, to ensure that it is accountable to the people of the country. Rather than setting up a single “super”-institution which deals with all problems — corruption at high levels, corruption in the middle- and lower-level bureaucracy, judicial corruption and public grievances — multiple institutions, adequately empowered, must be set up to look into each of these issues. Second, existing institutions and laws must be strengthened to enable them to tackle corruption effectively, and to protect those who blow the whistle on corrupt practices. If democratic institutions falter or weaken, there is no alternative to repairing and strengthening them. Failure to address the problems in existing structures will result in transferring the same problems into any new institution that may be set up.

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