

Security leakages

The food security bill should serve to transfer resources to states, not bind them into failing policies

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WHO are the poor? Who should the government assist? These are the questions at the heart of the recent debate about the use of poverty lines to define subsidy-worthy populations. After much outrage, a defensive government clarified that a new "expert" committee will answer these questions in a way that is consistent with the provisions of the forthcoming food security bill. However, thorny questions await this committee as well.

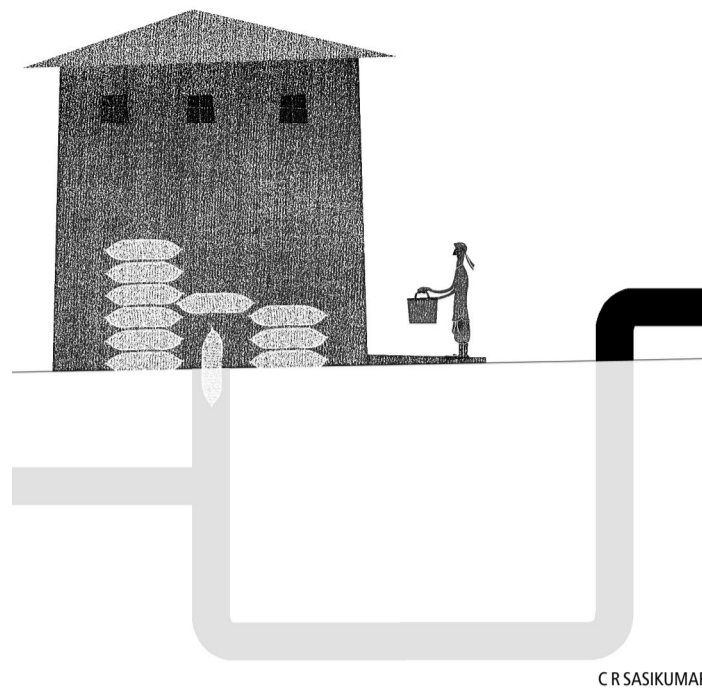
The draft bill of the government proposes differential subsidy entitlement to what they call "priority" and "general" households. Together these would account for 75 per cent of rural households and 50 per cent of urban households. Priority households are entitled to 7 kg per person per month while general households can claim 3 kg per person per month. The subsidy rate is also higher for priority households. As a result, priority households would receive subsidies that are about three times higher than that of general households.

Though the coverage proposed in the bill is an improvement over the existing PDS, it is lower than what was proposed in the original version put forward by the National Advisory Council (NAC). This is unfortunate because the argument for near-universal coverage is compelling. Most poor get excluded from the lists of below poverty line (BPL) households. A similar exclusion error might happen

in distinguishing "priority" from "general" households. This will be the challenge for the new expert committee of the government. After all, the poor, unlike the rich, are difficult to identify. It is much easier to identify the obviously non-poor (those who pay income tax, own cars etc) and to exclude them from eligibility. Once the use of UID becomes widespread, the task of identifying the rich will become even easier.

The obvious limit to higher coverage is finances. The PDS part of the food security bill will cost about 1.5 per cent of GDP. By comparison, government spending (by the Centre and all states) on health is just about 1 per cent of GDP. Public expenditure on education is in the range of 3-4 per cent of GDP. Therefore, in relation to government spending on other worthwhile social sector programmes, the expenditure on food subsidies will be significant. From the perspective of future development, it is beyond dispute that human beings constitute the main wealth of nations. What can we say about our national wealth and the future of this country when a huge multitude of its citizens are malnourished and under-educated? Can we afford to waste such enormous human resource?

There are two ways in which the compromise on coverage can be made to hurt less. First, the food security bill also has a non-PDS component which is about special nutrition and health programmes for pregnant or nursing women and young children, and school-meal programmes for older children. The importance of these provisions has been



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overshadowed by the debates about the PDS component of the bill. Yet the value of these programmes is uncontested (even as there are institutional failures in the provision of these services) — and here is where the government would do well to not sting. For instance, the government version of the bill dropped a provision for cash supplements of Rs 6,000 (spread over six months) to pregnant and nursing women — a programme that will cost about Rs 12,000 crore annually. It is understandable if the government would want to try out such programmes on a limited scale but surely the commitment to food security has to start with young mothers and children.

Second, cash transfers could provide a way to harness the wasted resources in the existing PDS. For some time now, the government's cost of distributing

grain has been higher than that of the private sector. In 2004-05, the government would have saved about Rs 5,700 crore if its cost matched that of the private sector. Firm figures for later years are not available. However, tentative calculations suggest that these savings might now be to the order of Rs 10,000 crore or more. Therefore, even if the Central government sticks to the lower coverage figure and allocates funds accordingly, a state government might well be able to extend coverage by shifting partially or wholly to cash transfers (and thereby economising on distribution costs).

Cash transfers could also help in increasing effective coverage. In several states, the actual coverage of PDS is much lower than what exists on paper because of the illegal diversion of grain to the open market. For instance,

under the government proposal of reduced coverage, the subsidy to priority- and general category households works out to Rs 1,344 and Rs 417 per person per year. This assumes that there are no illegal diversions (about 40 per cent or so in 2009-10). On the other hand, if the subsidy bill of Rs 95,000 crore was distributed as an equal cash transfer to households under the near universal scheme of the NAC, the per person transfer is Rs 1036 to all, whether priority or general.

Given the infirmities of targeting and the realities of grain blackmarketing, the second option seems to be better to us. If there are state governments that also come to this conclusion, the food security bill should allow for such flexible restructuring. Here the coverage parameters of the food security bill would serve only as a formula to transfer resources to state governments but would not be binding on them. Of course, our proposal reduces the subsidy to "priority" households. Critics should weigh this against the benefits of higher and uniform coverage both of which ought to improve the access of the poor to subsidies. Critics might also ponder that the much lauded universal PDS programme of Tamil Nadu provides 20 kg of grain to households which is substantially less than the proposed grain entitlement of 35 kg for priority households.

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Definitely defying DC

After fighting two wars, why is America still so weak in the Middle East?

RAMI G. KHOURI



TO spend time speaking and listening to a wide range of people in Washington on Middle Eastern issues, as I did last week, is to wander into a world of deep perplexity. Every pillar of America's Middle East policies is changing rapidly, and much of the change sees Middle Eastern actors taking charge of their own destinies, leaving the United States in a strangely weakened and often marginalised position.

The principal manifestations of this situation are the behaviors of the Palestinians, Saudis, Egyptians, Israelis, Turks and Iranians, and the Russians and Chinese from outside the region. The two most telling issues that reveal American perplexity are the Palestinian bid for UN recognition and the rolling Arab revolts across the region.

The most dramatic illustration of America's confusion, contradictions and degraded credibility is its inability to stop the forward motion of the Palestinian bid for UN recognition. This has dramatically exposed Washington's isolation in the Middle East because its strong commitment to Israel apparently overrides any other issue there, including applying the international rule of law on problems like the expansion of Israeli settlements.

The Palestinians not only dismissed strong American objections about the move at the United Nations, they have now followed this up with a request for recognition at UNESCO, which has received preliminary approval from the body's executive board. The United States has threatened to cut off its funding for UNESCO, which accounts for 22 per cent of the body's budget. In the new world we are entering, the Palestinians are acting and Washington is reacting.

This is just one example of how the strongest power in the world also may be the weakest power in the Middle East, despite its armed forces fighting two wars in Iraq and Afghanistan. The isolation of the American and Israeli delegations at the UN reflects a wider reality. Across the region, most people and governments see American policies as being contrary or even hostile to their wellbeing. This will continue to be highlighted by the Palestinian move at the UN in the months ahead.

The Palestinian quest for UN recognition is now widely debated across the United States, with the common attitude in Washington being total uncertainty about its direction and implications. Even Palestinian officials close to Presi-

dent Mahmoud Abbas are not certain of what happens next because three primary dimensions of the move remain unknown: the Palestinian strategy, its impact on the ground, and American or Israeli retributive reactions.

The UN move is intriguing at many levels, most importantly for what it tells us about the determination of even the weak Palestinian leadership to defy the United States and shift the adjudication of the Arab-Israeli conflict out of Washington and into the halls of the United Nations or other bodies — where international legitimacy and law, rather than American Zionism, define the ground rules of diplomatic engagement.

The central lessons to date of the Palestinian UN initiative is that power is something you generate by your actions, and credibility as an international political actor comes from harnessing your power and using it efficiently and wisely. The Palestinian leadership seems to have learned the first lesson, and is pursuing the UN initiative in a manner that reveals its capacity to shake up a stagnant diplomatic arena.

Ironically, though, as the UCLA professor Saree Makdisi pointed out in a lecture at the Palestine Center in Washington last week, President Abbas seemed embarrassed to see that he actually had power and autonomy of action that he could use, and seemed hesitant to use the power at his disposal. While Abbas unleashed the enormous international support for the Palestinian cause, Makdisi said, he also seemed unsure of how far he should push for implementation of key UN General Assembly resolutions, appearing unsure if he should be assertive or apologetic. Makdisi attributes this in part to his analysis that Abbas was only involved in "political theatre" at the United Nations, rather than a serious diplomatic deployment of power, and also was hampered because he made no attempt to secure Palestinian popular legitimacy for his "high stakes poker game at the UN."

Regardless of whether the Palestinian leadership is moving ahead according to any coherent strategy, or enjoys any significant legitimacy or support among its own people, it has triggered significant debate in America that has also exposed the enormous confusion and contradictions in Washington's unsuccessful attempt to be both the guarantor of Israel's supremacy in the region and a mediator for the birth of a Palestinian state. Unable to live with this situation any longer, the Palestinians have taken the initiative to break the stalemate, and the United States seems unsure how to react.

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The buccaneering in Bihar

In the bad old days, corruption in Bihar was different — it was at the input level, making growth impossible

SHAIBAL GUPTA



IT is easy to interpret the world; it is very difficult to change it. If the change has to come in a feudal society, the task is even more formidable. In Bihar, the extent of leakage in public spending was among the highest in India; indeed, buccaneering accumulation has become a way of life in the state. Let alone being stigmatised, those who indulged in these practices were held in awe. Over the years, accumulation through corruption gradually reached cancerous proportions. Only recently has it come to be viewed with revulsion. The powerful constituency it created, which forestalled development in the state, is now in retreat.

In pursuit of transparency, details of public functionaries' assets were put on state government websites. The local area development fund for legisla-

tors, a great source of corruption, has recently been abolished. Further, the bold initiative of enacting the Prevention of Corruption Act and Right to Service Act may decisively change the state's rent-seeking profile. The first law relates to the state government confiscating property disproportionate to an individual's income. The second relates to state functionaries providing services to citizens within a stipulated time, so that rent-seeking can be prevented. Earlier, rent seekers could accumulate with abandon, and even the most blatant cases got either inconsequential censure, or at best, a suspension order. Additionally, their illegal accumulation was not touched. These laws now promise to change that situation.

The leakages of public spending in Bihar had a peculiar character, not seen elsewhere in this country. Here, the funds for state programmes either related to agriculture or animal husbandry or the social sector, would be siphoned off for private accumulation right at the input stage. Secondly, such private accumulation, even if of a

buccaneering character, was not invested within the state, as was the case in Indonesia; instead, it would often be transferred outside, as was the case in the Philippines. With their limited knowledge of capital markets, domestic or international, the looted resources of the state were generally invested in real estate in metropolitan cities.

Unlike in the ryatwari and mahalbari tenurial systems in

nately, even though scamsters accumulated in plenty, this money did not go into industrial investment, and only promoted conspicuous consumption. For example, one initiator of the fodder scam in Bihar allegedly chartered a plane, filled with relations, attendants and minions, to fly to Australia for a surgery. Someone else was said to have accumulated so much wealth that he

have witnessed post-production scams, characterised by turnover based profit-sharing arrangements, ensuring their growth.

After the present political dispensation took over in 2005, public investment leapfrogged. The social-sector outlay also increased manifold. Bihar's society and ramshackle state were, possibly, not prepared for such high amounts of capital inflow. At the same time, vigilant people in the state were also not prepared to allow public money to be frittered away.

Thus, while interpreting the world is an easy proposition, working out the nuts and bolts of change is difficult — that too, at great personal risk. Unlike ordinary criminals, it is not easy to tame the white-collar law-breakers who are part of the power structure. Figures like Jayaprakash Narayan and Anna Hazare have fulminated against corruption but Nitish Kumar has stolen their thunder by actually reining in rent-seeking in Bihar, and changing the state's profile.

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INSTEAD OF input scams, developed states witnessed post-production scams — characterised by turnover-based profit-sharing — thus ensuring their growth.

some parts of India before Independence, the social position of an individual in Bihar was measured not in terms of his place in the incentive structure, but in terms of his capacity to weaken the state structure through leakages. In the process, Bihar's society developed a preference for accumulation through input-related leakage. In the post-Independence period, most scams were input-related, like the cooperative, fodder or recruitment scams. Unfortu-

had to float a bank to legitimise his resources.

Developed states have reached that status by carving a productive accumulation path. It is not that corruption is absent; in terms of magnitude, scams are possibly larger. However, input-related scams are almost unthinkable, because they would take away the state from the grammar of incentive structure that is a pre-condition for a capitalist transformation. Instead of input scams, these states

beneficial or harmful Modi's revenge against Bhatt will be."

Delhi-based *Nai Duniya*, edited by former MP Shahid Siddiqui, on October 10, describes Bhatt's arrest as "murder of justice" and asks: "where are the protectors of the Constitution sleeping?"

JAI TELANGANA?

URDU dailies from Hyderabad and others with southern editions are much exercised by what they term the Centre's "policy of silence" on the demand for bifurcating Andhra Pradesh.

Angry at the dithering, Hyderabad's leading daily *Munsif* (October 8) writes in its editorial: "It won't be incorrect to say the Centre and Congress have been constantly deceiving the people of Telangana. In 2004, votes were

gathered with a deceptive alliance with the TRS, and then they pretended as though the problem was nonexistent. When KCR sat on a fast and his condition started deteriorating, Home Minister P. Chidambaram made a midnight announcement in Delhi accepting the Telangana demand. But what really happened? When local Congress leaders explained to the party that nothing would be gained through this, they broke their promise and the group of ministers did not take any decision on this sensitive matter. The government must take some concrete initiative before the Telangana movement is further intensified."

RIOTS AND WRONGS

RECENT incidents of communal violence and skirmishes in

Uttarakhand, Uttar Pradesh, Maharashtra, West Bengal and Andhra Pradesh have been extensively reported. Reports and editorials talk of "alarm" and "restlessness" amongst minorities, but unlike the usual rhetoric, this time the tone is restrained and moderate.

In a prominent signed editorial on the front page on October 10, *Rashtriya Sahara* editor Aziz Burney speaks of "an organised conspiracy to inflame Muslim sentiment, desecrate the Quran and create a pretext for a riot... but we have to keep our sentiments in check and not allow the conspiracy to succeed. Muslim representatives, along with their Hindu brethren, should appeal to local chief ministers and draw immediate attention to this problem." In a statement published

widely on October 4, the usually unrestrained Shahi Imam of Delhi's Jama Masjid, Maulana Ahmed Bukhari, has urged Muslims to "not respond violently to efforts to arouse passions, because a riot harms the lives and properties of Muslims and helps communal elements succeed in their conspiracy to harm Muslims."

Delhi-based *Hamara Samaj* asks in an editorial (October 10): "Why are political parties opposing the bill to prevent communal violence? Do these parties want the country to always burn in the fire of communal violence? Do they not understand the meaning and spirit of democracy?"

REST IN PEACE

RICH tributes have been paid by most papers to ghazal maestro Jagjit Singh, who passed on this

week. "Jag ko jeet kar, Jagit ne chhori duniya" (After conquering the world, Jagit leaves) is *Rashtriya Sahara's* headline for an elaborate feature. A large photo is captioned with a line from one of the ghazals he sang, 'Kahan Tum Chale Gaye', in *Hamara Samaj*.

Former Indian cricket captain Mansur Ali Khan Pataudi also got many moving tributes, including editorials on his cricketer's feat. According to a report in *Siawat* (September 26), Bombay cinema's tragedy king Dilip Kumar "regained his fading memory when he received news of (Pataudi's) death on TV. He dictated a letter addressed to Tiger's wife, Sharmila Tagore, saying that he could well understand the intensity of Sharmila's loneliness now."

Compiled by Seema Chishiti

from the Urdu PRESS

MODI VS BHATT

IF the late Hemant Karkare became a hero in the Muslim press for seeming to pursue "non-Islamic" sources of terror, the arrested IPS officer from Gujarat, Sanjeev Bhatt, appears to be attaining a similar halo for "standing up to" Chief Minister Narendra Modi.

Jamaat-e-Islami's *Daawat*, in a front-page commentary (October 7) writes: "Modi's vengeful actions against IPS officer Sanjeev Bhatt seem to be endless. Bhatt is displaying courage and determination... He is fully aware

of the hardships and problems that he has to overcome."

Noted Urdu poet and columnist Hasan Kamal writes in *Rashtriya Sahara* (October 8): "By arresting Bhatt, Modi has in fact, tried to stop him from depositing against him... But he is not the only officer willing to come out with the truth... Two other officers have also made the same allegations, that Modi not only did nothing to stop the mass killings of Muslims in 2002, he also instructed police officers to 'allow Hindus to vent their anger this time.' It will soon be known how politically