

Growth Implies Some Rise in Inequality

India must maintain participatory growth

Income inequality in India has been sharply on the rise, particularly since the early eighties, when growth began to accelerate, says a paper by French economists Thomas Piketty and Lucas Chancel. The top 1% of Indians corner 22% of the income, on par with their share in the 1930s, the duo find. Ishan Anand and Anjana Thampi, two young scholars from Jawaharlal Nehru University, had reported, in their December 2016 article in the Economic and Political Weekly, that asset inequality has worsened significantly over 1992-2012, accelerating since 2002. Growing inequality is a reality not just in India but much of the world. The question is, what should be done about it?

In India, about 16% of the population belong to the scheduled castes (SCs), for long condemned to perform the lowest-earning jobs, generation after generation. Tribal people comprise 7% of the population, not just outside mainstream development but often bearing the brunt of such development, by having to give up their land to make way for dams, mines, plantations and new urbanisation, and, more often than not, neither compensated nor rehabilitated adequately. It would be surprising only if this structural inequality did not show up in who earns incomes and builds up assets, as growth picks up. Yet, the reality offers grounds for optimism. The India Human Development Report 2011 showed progress among most deprived groups — the SCs, scheduled tribes and minorities — except for the tribes of central India. For a country at India's stage of development, raising absolute levels of income at the bottom of the pyramid is primary. Fast growth is a necessary condition; and over 2003-11 saw a steep fall in poverty. But fast growth also raises income inequality.

The point is not to retard growth to curb inequality, but to invest in infrastructure and human capacity to allow the less well-off to take part in growth. Policy has been seeking to achieve precisely this, through financial inclusion, better schooling and healthcare, skill development and enabling broadband. More needs to be done, both to accelerate growth and broaden participation.

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Mystery of Shrinking Female Workforce

A recent report by the World Bank's Luis Andrés and four co-authors shows India's growth does not create enough jobs for women. Worse, over the years, the percentage of working-age women who can find jobs has fallen precariously. Now, a mere 27.4% of rural and urban women get work, compared to 43% a decade ago. Women's unemployment is more miserable only in Pakistan (25%) and the Arab nations (23%). In contrast, nearly 80% of women in Nepal have jobs, as do 64% of their Chinese sisters, 57.4% in Bangladesh and 56.3% in the US.

There are multiple reasons. The good one is that more women stay on in school/college. But unemployment is growing across all levels of education. Caste does not explain it: both Dalit and upper-caste women are increasingly jobless. Nor does marriage: both married and unmarried women have dropped out from the labour market. A part of the explanation would be the prejudice against manual work: as incomes rise, women of the family stop working outside the home. Real rural wages went up steadily over 2006-14, before beginning to fall. Rising levels of insecurity work against women taking up jobs that entail late hours. Many women work in sectors that are invisible to formal data: stitching clothes, making pickles and paper bags, on a piece-rate basis. These informal jobs are invisible to data collectors, on par with domestic work and care-giving for the young and the old. Workforce safety and predatory contractors are bigger deterrents for women than men.

But the biggest culprit is the sharp decline in overall employment growth from 2% annually through 2001-11 to about 1% since. With so few jobs, men grab the few available opportunities, closing the door further on women. Creating more and better-paying jobs is the solution.

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The French President may finally have to doff his cravate on his India visit

Time to Sacrifice One Tie for Another?

It is not often acknowledged that the real ties that bind leaders of most western nations — and many farther afield too — are not only democracy, personal freedoms other such intangible tenets, but a strip of cloth around their necks. Not a noose, obviously, but a necktie. And it has remained tenaciously tethered to napes despite many fashion and workplace revolutions that attempted to loosen its hold. Given France's position as a style leader, it is surprising that its youngest-ever President, Emmanuel Macron, has steadfastly refused to doff his cravate, a predilection he shares with his otherwise dissimilar predecessor François Hollande. Political and fashion analysts alike were bemused that he did not part with it even when visiting Caribbean territories devastated by Hurricane Irma.

If that old tie has to be broken anywhere, it will obviously have to be in India — which Monsieur le President is slated to visit at the end of this year anyway. Not only are there moves afoot in India now to discard all old (read: British) ceremonial robes, our Prime Minister is clearly very persuasive when it comes to changing the sartorial accoutrements of visiting foreign dignitaries. And as a tie simply cannot be accommodated in Indian wear — even Modified ones — Macron may have to sacrifice one tie in order to cement another.

STATE OF PLAY | Nirmala Sitharaman has to act on the momentum GoI can't afford to lose

Putting Up a Great Defence



Pranab Dhal Samanta

The defence ministry is a story of unfinished business, of big ideas stuck in bigger execution plans. While the appointment of the first 'full-time' woman raksha mantri is a wonderful verse to the beginning of a new chapter, it still doesn't rub the slate clean. On this count, Nirmala Sitharaman has her task cut out, largely because finance minister Arun Jaitley, during his short stint, has given some fresh momentum that GoI can't afford to lose.

Let's start with the tricky issue of what the military calls 'jointness'. Essentially, how can the three services combine at the top, so that there is better, more effective strategic planning and execution.

Joint Pain

This has got stuck on whether to have a single Chief of Defence Staff (CDS) or not. He can be from any of the three forces, but the choice has to be a political decision backed by broad consensus among all political parties.

From that thought flows the plan of reorganising India's armed forces into theatre commands, with the army, navy and air force combining into an effective unit suited for contemporary war, à la US and Chinese forces. But the problem is that the concept of jointness has become hostage to the decision on CDS.

This logjam has to be broken. And the ministry has to untangle this chicken-and-egg situation.

Why can't all new commands be conceived and set up as joint efforts, reflecting the spirit at functional levels? Say, cyber and space commands — areas where India is upgrading its defence capabilities by reorganising and investing in new resources — should be joint commands. They can, in turn, show the way forward.

Better utilisation of defence land is another issue. Last heard, GoI had appointed a high-level committee to look into the subject and suggest ways to improve land productivity. This may include reworking old rules so that corruption around leasing and using of this land can also be addressed effectively.

Any progress on this front can translate into major reforms, given the way land controversies like Adarsh and Sukna have shaken public faith in the matter. Let's not forget defence land is under direct control of the central government.

Then comes the complicated defence procurement piece. While Jaitley as defence minister set the ball rolling on bringing in the Indian private sector into defence production through the Strategic Partnership (SP) model, there are strong indications that the policy is already headed into a bureaucratic quagmire. Four months after the policy was announced, there is still no movement in shortlisting foreign partners for making submarines, fighter aircraft and helicopters in India.

In fact, till now, only the Request for Information (RFI) for submarines has been issued. Since then, it has become a story of repeated consultations with stakeholders, which must head for closure at some point for this to go through. Else, the SP policy runs the risk of ending up in the cold storage as defences draw closer.

The defence sector, along with rail-



How to make the sorties, Nirmalaji

ways, was billed as the biggest gainer from the 'Make in India' initiative. While the SP policy chugs slowly on the implementation track, there are others like the production of Kamov helicopters in India that have been stuck because Hindustan Aeronautics (HAL), a PSU, has its facilities committed to first build its assembly line of light utility helicopters.

Think Tank

Maybe the time has come to reassess whether India should ask Russia to identify new partners. In any case, GoI wants robust helicopter-building capacities in the private sector. Staying with Russia, Sitharaman has to seal the arrangement of building, repair and overhaul facility in India.

This commitment exists on paper. But Moscow has been dragging its feet. This is essential for India to address its spares shortage problems with Russian equipment. Until recently, India was in desperate negotiations with Russia to obtain spares for its frontline Sukhoi fighters. But the problem gets bigger with certain older equipment, like the MiGs and old tanks, where Russia has stopped keeping spares as they no longer make them. That's how the deal for building a joint facility in India to service Indian equipment was struck. But, for obvious reasons, there's less urgency in Moscow, a gap that New Delhi has to make up for; if this strategically important facility has to come up.

On the question of downsizing the army, GoI has moved decisively on the Shekatkar Committee recommendations, accepting some 90-odd suggestions that will take away a lot of the 'flab'. But, here again, the larger strategic objective is right-sizing the forces by improving their teeth-to-tail ratio.

The defence ministry has to close a conversation with the armed forces on how to create new avenues from resources freed up through this exercise, so that combat capabilities get an added edge.

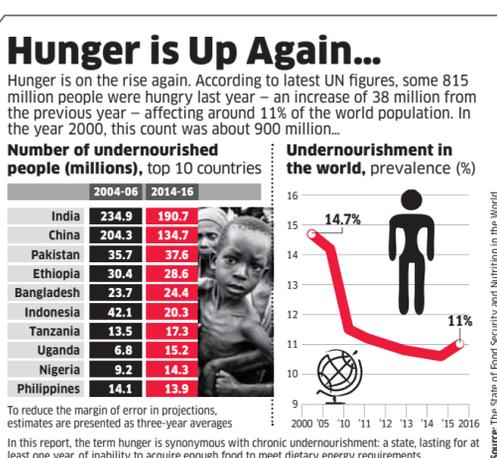
Sitharaman has already moved on improving civil-military relations by institutionalising meetings with the three service chiefs. But she has to show more on the ground by inducting military officials into the defence ministry at various levels. In the end, she will not be judged by what she does as a woman, for women or with women in the armed forces, but by what she does despite being a woman in executing the onerous task of defending the country.

The defence ministry has to close a conversation with the armed forces on how to create new avenues from resources freed up through downsizing of the army

WIT & WISDOM

“Formula for success: rise early, work hard, strike oil.”

J Paul Getty
Businessman



MEME'S THE WORD

RED HERRING

Everybody Loves a Bullet Train



Indrajit Hazra

I am a big bhakt. Of Lord Vishwakarma, the divine architect and the force behind the 'Make in Cosmos' initiative, and whose day is being celebrated today as I write this. In some depictions, Vishwakarma is Brahma the Creator himself. In the form I'm more familiar with, he's a younger chap, clean-shaven with abs, except on his upper lip. With hair, that is, not abdominal muscles or an anti-braking system on his upper lip.

So, in the spirit of a man who likes the idea of machines, Vishwakarma and engineering prowess, I am one of the pro-Abe-Modi Bullet Train-walas. From whatever I know of the Japanese Shinkansen high-speed rail system (enough, after reading *everyone's* recent take on it), it works well, both as a (still) futuristic transportation thingummy as well as fodder for my space travel-starved imagination, and is safe. The rest (read: the economics), personally, I don't much care about.

With that pointed dolphin nose and speeds of up to about 320 km/h, it certainly seems a thrill to experience being quietly hurtled through a western Indian landscape as the world flits by. This, without having to get a visa, in a scheduled three-four years after, yes, 2019.

I know there's been criticism of the announced 'Mumbai to Ahmedabad in two hours' train, especially when the same journey can be made in about 2 hours 30 min (if you include an hour for check-in, security and boarding, and 20 min for luggage retrieval, etc) on a 1 hr 10 min Mumbai-Ahmedabad flight, at a presumably much cheaper price.

There's been downright castigation from some quarters about the ₹1.1 lakh crore the project costs, which could have been better put to use in procuring biscuits or textbooks for the country's children. But that kind of logic — as applied by Mani Shankar Aiyar when, as Union sports minister, he had said in 2010 that ₹35,000 crore spent on the Commonwealth Games was a "total waste" in a country as poor as India — doesn't quite cut even as it is, indeed, logical.

In their 2011 book, *Poor Economics*, MIT economists Abhijit V Banerjee and Esther Duflo recount meeting Oucha Mbarbk, a man living in a remote village in Morocco. Mbarbk was asked what he would do if he had more money, to which he replied that he would buy more food. When asked what he would do if he had even more money, he said he would buy "better tasting food". "We were starting to feel very bad for him and his family," Banerjee and Duflo note, "when we noticed a television, a parabolic antenna, and a DVD player in the room where we were sitting. We asked him why he had bought all those things if he felt the family did not have enough to eat. He laughed, and said, "Oh,

but television is more important than food!"

The writers point out that things "that make life less boring are a priority for the poor". I would hasten to add, a priority for everyone, except that the better off have better means to get things that make 'life less boring'. What applies for an individual in Morocco can apply for a country like India. Those pointing out that getting a shiny, expensive toy, to be used only by a very few in a country where people metaphorically and, far too many times, literally are crushed in trains, miss the point.

We could wait till the whole existing Indian Rail system is modernised; till domestic air travel becomes cheaper and more widespread; till India has reached an economic stage where no Indian is denied roti, kapda, makaan, healthcare and education below a certain standard. But the fact that even something as 'illogical' and 'distant' for the aam aadmi as a yet-to-materialise bullet train can make many (even non-BJP-supporting) Indians feel excited about 'being hitched to modernity' cannot be underestimated.

Which is why despite everything, I

would be lying — and patronising — if I thought the Mumbai-Ahmedabad bullet train to be bunkum. Do I care if it's not anything that it's touted to be? An industry-sea changer. A breeding pond for thousands of jobs. A harbinger of a transportation revolution. 'Ek prakaar se muft mein' economical. No, I don't. Like many others who believe in the happiness-emitting powers of any 'luxury' product — even if this product remains only aspirational — I am excited at the thought of a bullet train in my backyard. The way Mayawati's supporters (used to) feel delighted and empowered seeing her garlanded with high currency notes, even if they didn't ever get a share of those notes.

But if I may make GoI a suggestion, the idea for which I got while kite-flying earlier today on Vishwakarma Pujan. Remember the Concorde, the Anglo-French supersonic passenger airline that stopped services in 2003 after the crash of an Air France aircraft, and because of the lack of economic viability? (It used, among other things, too much fuel.) Well, Club Concorde, an organisation comprising pilots, charterers, frequent flyers and well-wishers of the stunningly designed (and still futuristic) supersonic aircraft wants to get the Beautiful Bird up in the air again. By, yes, 2019.

So, where's the hitch? As co-founder of Club Concorde William Lowe and veteran pilot pointed out last year, "There are thousands, many thousands of hydraulic seals on the airplane... Every one of them would have to be remanufactured and replaced. [But] the manufacturing facilities are just not there."

Um, what was someone saying about 'Make in India'? As for the economics of making the Concorde fly again, this time in our backyard, like regarding the Shinkansen, I give a rat's derriere.



Like a diamond in the sky: The Concorde flying at Mach 2 (2,172 km/h), 1985

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Uplift With Gurbani

HARBANS LAL

Guru Granth Sahib contains hymns of 36 composers written in 22 languages, employing a phonetically perfected Gurmukhi script. The fifth Sikh guru, Guru Arjun, who compiled the first version, composed 2,216 of the 5,894 hymns. Besides the hymns of other Gurus, he also included 937 hymns of 15 saints as well as 11 poet laureates of the Guru's court. Hindus, Muslims, Brahmans, 'untouchables', all come together in one congregation to create a truly universal scripture.

Sikhs, and non-Sikhs, revere the Holy Granth as their Eternal Guru. It is a treasure of interfaith communion and is a noble heritage for all of humankind. The Holy Granth was leavened with expressions from Sanskrit, Prakrit, Rajasthani, Persian, Arabic, Bengali and Marathi.

Music forms the basis of the rhythms and classification of the hymns using Indian ragas. This form is used not only to preserve the originality of the composition but also to provide a divine experience through the medium of music and the sounds of God's creation. The gurus themselves created some of the 31 ragas used. Several hymns use popular folklore and meters.

The Holy Granth verses are of ten sung as kirtan to reveal true meaning directly through cosmic vibrations. The Guru Granth Sahib's verses make the universe speak to our mind in metaphoric images. The sound currents keep the mind focused, heal the body and cleanse inner thoughts. Congregational chanting generates mass spiritual energy and ordinary words metamorphose into the logos to become auspicious.

Chat Room

GST Preferable for Petro-Fuels

Appropos the Edit, 'No Case for Cutting Taxes on Petro-Fuels' (Sep 16), the government may be hesitant in bringing petroleum products under GST due to the buoyant growth in tax revenues. However, we need to get rid of the complex tax structure that includes tax on import, excise and additional excise duties, state value added tax, cesses and so on to switch to GST. Energy security through more exploration and indigenous production with minimum rational tax must be the ultimate goal.

SHISHIR SINDEKAR
Nashik

Rest in Peace, Arjan Singh

In the death of Arjan Singh, our country has lost its greatest warrior who played a key role in India's victory in the 1965 war against Pakistan. Two short of a well-deserved hundred, 98-year-old Arjan Singh was the first Indian Air Marshal to be elevated to the rank of Air Chief Marshal on January 16, 1966. He was honoured with the Padma Vibhushan. Arjan Singh shaped the IAF during some



of its most challenging times, and had the honour of leading the fly-past of more than a hundred IAF aircraft over the Red Fort on India's first Independence Day, August 15, 1947. He will be remembered for his extraordinary service to the nation.

SN KABRA
Mumbai

Cooperation on Right Track

This refers to the news report, 'Modi & Abe Fire up Bullet Train Project' (Sep 15). The effort at mutual strengthening of ties with Japan stands out in the backdrop of a common perception of regional hegemony by China. The hostility between Japan and China is centuries old as opposed to our misgivings over China in the last 50 years. To that extent, Japan has a far greater stake in strengthening its ties with us. The train project is but a prologue to greater collaboration with Japan.

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