Opinion

TUESDAY, MARCH 12, 2019

CONSTRUCTIVE PROCESS

Mehbooba Mufti, former CM of J&K

This confrontational attitude—no talks, no discussion—has an impact. The [Kashmir] situation is going to get worse if some kind of political process is not initiated on the ground now. There has to be a dialogue process internally as well as externally

SBI rate move a small disruption of the market

SBI links rates for cash credit, working capital loans and savings deposits above ₹1 lakh to the repo

IN LINE WITH the wishes of RBI, which wants more effective transmission of a change in the repo into loan rates, SBI has decided to link loan rates to an external benchmark. From May 1, cash credit and working capital (WC) loans of above ₹1 lakh will be priced at 225 basis points above the repo rate, or 8%. This is a good 55 basis points lower than the lender's current MCLR of 8.55%, and one would wonder why the bank is dropping rates so sharply.

However, SBI is protecting its margins by simultaneously pricing all savings deposits of over ₹1 lakh at the repo minus 275 basis points; at the current repo rate of 6.25%, this works out to the prevailing rate of 3.5%. However, in the event of a repo rate cut, it would stand to gain since the savings deposits base is much larger and also because a good 31% of SBI's deposits are over ₹1 lakh. On the other hand, the cash credit accounts for about 25% of the loan book and the loan portfolio is, of course, smaller than the deposit base. More importantly, the bank will be charging the borrower a spread that it deems appropriate, and it is free to revise that spread in case the credit profile of the borrower deteriorates. As the management has said, it is important to protect the net interest income and the net interest margin, irrespective of the movements in the market.

SBI is playing it safe, and rightly so, by not yet linking retail loans to an external benchmark, which is what RBI was looking for though the final guidelines are yet to be announced. Products such as home loans carry much less risk and are very price-sensitive, and the lender would find it extremely difficult to compete if it increased rates too much in the event of a repo rate hike. Although HFCs may not be as active in the market as before, the home loan market remains a highly competitive one since the private sector banks are very active, and SBI would not want to lose market share. To ensure that it is able to win customers, it needs the flexibility to price these loans attractively.

Also, the lender is treading very cautiously by not offering a floating interest rate on term deposits. Given how the growth in deposits has significantly undershot that of loans over the past year or so—10% or thereabouts compared with 14.5-15%—such a step could be somewhat tricky. In the current environment, where interest rates in the system are trending down, and RBI is expected to trim the repo, too sharp a fall in fixed deposit rates might just push savers to other banks. In fact, chairman Rajnish Kumar observed that the bank's experiment to offer a floating interest rate on fixed deposits did not work. Until this happens, it would be hard to ensure total transmission without an impact on margins. If some of the other banks want to drop loan rates—to compete in the cash credit market—they might have to compromise on their margins since the quantum of their savings deposits as a percentage of total deposits might not be as high as it is for SBI. In a very small way, SBI has started to disrupt the market.

Towards cleaner polls

ECI's new norms are laudable, now to implement them well

THE MODEL CODE of conduct just announced by the Election Commission of India (ECI), and the government's decision earlier to make it compulsory for candidates in polls to submit details of I-T returns for the past five years and disclose details of wealth held overseas, are a resounding vote for transparency and accountability. While the tax details mean that disproportionate gains in wealth by incumbent lawmakers will get exposed and this will help trace any *quid pro quo* relationship/transaction, the ECI requiring candidates with criminal charges against them to declare the particulars of the charges thrice in newspapers and news channels should give voters an idea about the antecedents of the person hoping to represent the public interest in Parliament. Political parties that induct such members can't also evade responsibility as they will have to declare the criminal antecedents, if any, of the candidates they have fielded on their websites. The Association for Democratic Reforms' (ADR) analyses of election-related disclosure by candidates show how vital the new norms are—ADR gives instances where incumbent lawmakers have seen their assents grow by as much as 300%; similarly, the ruling party at the Centre has the highest number of lawmakers facing charges relating to crimes against women. To be sure, the charges against some could be politically motivated, but given the influence money and muscle continue to have over Indian elections, it is likely that for many, the charges against them could stick. The ECI has also forbade any use of the photos of those martyred in the recent conflict with Pakistan or any defence personnel by political parties. All political ads on social media must be vetted and certified before being posted. The ECI, along with social media platforms, will also be keeping a close watch on hate speech.

The ECI, however, needs to understand that norms are only half the battle won. Given how candidates can choose nondescript publications and channels, broadcasting time-slots with the minimum viewer-draw and the smallest ad-space available, the initiative will be defeated if the ECI doesn't make it mandatory for the candidates to publish/air the details in well-read news dailies and channels that have a high viewership. The poll regulator should also make sure of a prominent display for the print declarations and prime-time slots for the broadcast disclosures. At the same time, the ECI must devise a way to keep close watch on social media and instant-messaging services since most of the action on posting hateful content and politicising the forces/martyrs will immediately shift to a dispersed circulation network of anonymous social media accounts and WhatsApp forwards.

The ECI will now require all EVMs to carry pictures of the candidate along with the party symbol. This will help the voter be sure that her electoral choice is not tampered with. The new norms draw up an environment in which the voter is able to make an informed choice. But the clincher will still be thorough implementation. Else, just as the poll expenditure cap has become a joke because of loopholes an lax monitoring, the new norms, too, will end up as mere lip service.

GreenCover

The NGT's order classifying parts of the Aravalli vegetation as "deemed forests" should be extended to the entire range

THE NATIONAL GREEN Tribunal (NGT), by terming parts of the Aravallis in Haryana as forests, has given the range a breather. Describing as "erroneous in law" the stand of the Haryana government and the Union ministry of environment and forests which insisted the area in question was not a forest, the NGT classified the 52.3-acre patch in Faridabad as one. This ruling has important implications for the Aravallis on which illegal construction continues unabated. The Haryana government, in the beginning of this month, enacted amendments to the Punjab Land Preservation Act (PLPA) that would have opened up thousands of acres of the Aravallis to activities like mining and construction by retrospectively legitimising all the illegal construction activities that have been carried out in the concerned area.

In 1996, the Supreme Court ordered all state governments to identify forests in their jurisdiction; though, under the PLPA, 25,000 hectares in Haryana are identified as forests, the Haryana government's response to the SC order managed to keep over 12,000 hectares out of notification as forests. And despite a construction ban on notified areas of the Aravallis in 2004 that was expanded to cover a larger area in 2009, projects like the Kant Enclave have brazenly been executed. The apex court, in September of last year, had also ruled that land held by Haryana under the PLPA "must be treated as forest and forest land", and the failure of the state to implement repeated and consistent rulings demonstrates how Haryana has managed to sidestep the issue, at a grave cost to the environment. The NGT ruling—as well as the recent SC order that stayed the implementation of the PLPA amendments made by Haryana—are thus welcome ones. The problem is the orders have come too late in the day for vast swathes of Aravalli land that have been denuded of their flora and fauna. If the deemed forest classification were to offer any protection by getting extended to the surviving forests of the Aravallis, the order would truly have proved meaningful.

AUTOMATED BANKING

AUTOMATION IN BANKING HAS DONE AWAY WITH THE NEED TO HAVE MORE PEOPLE AT THE SERVICE LEVEL, AND EVEN THE SKILLED MANPOWER REQUIREMENT WILL DECLINE OVER TIME

Banking sector to become less labour-intensive

MADAN SABNAVIS
Chief economist, CARE Ratings

THE CREATION OF jobs has always been the focal point of debates in the country. The banking sector has been a large employer with a 1.3 million workforce in 2017-18, up from 1.1 million in 2012-13. The question is whether or not this number has been increasing at a significant pace and, if there has been any change in the composition of the same. A five-year period has been considered from 2012-13 to 2017-18. The CAGR was 4%, which is just about the industry standard given that services tend to involve more jobs. The banking business, on the other hand, has been increasing at a far higher rate than that in the stock of workforce.

The graphic shows that the dominant segment has been private banks that have expanded at a sharper rate than the PSBs which had an increase of just 1.1%. The private banks' growth number is slightly on the higher side given the mergers that have taken place with other institutions. But their share has increased from around 25% to 32% during this period. The interesting part here is that the two non-officer categories have shown a distinct declining trend with there being a shrinkage in the clerks and sub-staff categories. The ratio of clerks and sub-staff to officers was still above 1 for PSBs at 1.09 while it was low at 0.09 and 0.06 respectively for private and foreign banks. But PSBs have lowered this ratio from 1.39 in 2012-13 and private banks from 0.39 the same year. This means that banks across all categories are following a similar pattern in terms of staffing.

Two emerging conclusions are significant. The first is that shrinkage in the non-officer category is mainly due to the declining use of sub-staff as their jobs are either replaced with technology or are being done by officers. The negative growth in workforce also means that replacements are not being made for those who leave due to retirement—voluntary or 'in-course'. The second is that efficiencies have been ushered in as a corollary where fewer hands are required due to automation. The growth in digital banking has made this possible. It, however, raises a more serious issue in the future because, with talk of the use of AI in banking, there will be a serious threat to job creation in this sector. There will definitely not be a reversal here.

The face of banking is changing as can be seen in terms of the composition of staff in banks over this period. The share of officers has increased while that of clerks and sub-staff has come down. This may, to an extent, sharpen the picture as there has also been the tendency for banks to outsource several of the administrative jobs like security, delivery, housekeeping etc, which, in turn, increased administrative expenses but lowered the staff size. The preference for such a model is that there is no long-term liability for this category of staff and the banks are out of the purview of unions. Therefore, labour relations tend to be very smooth.

The signpost for the future is that banking will become progressively less labour-intensive as customers switch to the digital line and most transactions at the retail end would be completed here. In fact, for PSBs, the workforce could accelerate downwards as the process of mergers takes place and staff members are offered voluntary retirement schemes and not replaced. Lending is also an activity which can see a transformation, especially with fintech taking over at the SME level where the emphasis has changed to speed and online delivery. The 59 minutes approval of loans relies on technology and less on human intervention. With algorithms determining the quality of the borrower, especially when the ticket size is small and due diligence is not required as CIBIL, GST returns, PAN, etc, address these issues, the demand for staff would come down further.

It would probably be more in the treasury and risk management areas where banks would still need highly qualified staff. With governance issues also grabbing the headlines in the recent past, compliance would require more hands.

RBI, too, has been staff conscious over the years as the graphic shows. The central bank has not only lowered the quantum of staff from 21,494 to 14,785 during 2007-2017 but has done the same across all categories of staff. The sharpest reduction was in the Class III- and Class IV-type, which are the support staff in the form of assistants. What is significant here is that the ratio of support staff to Class I has come down from 1.77 in 2007 to 1.13 in 2017. Interestingly, at the turn of the century in 1999, this ratio was 3.24. The focus has changed today with less support being provided and technology being leveraged. The replacement of staff has been more parsimonious and directed towards the officer category where there is a greater pressing requirement.

This is a harsh reality where the banking sector will not really be contributing to employment generation directly. While the outsourced model will add some jobs on the sales and back office front, they would be more on the support side. This would be the trend in other financial segments going ahead, too. The securities market that was dominated by brokers has been streamlined with dematerialisation of shares and online trading. Insurance policies can be procured online which obviates the need for having agents which was a major constituency of the industry. Automation in banking has done away with the need to have more people at the service level and even the skilled manpower requirement will decline over time. Training is also being administered online as a larger community can be reached. This has happened in the west in commercial banking and it would only be a matter of time in India when this transformation takes place. We need to be prepared for this change.

Growth in workforce

(%)	Officers	Clerks	Sub-Staff	Total
PSBs	4.0	-0.7	-2.0	1.1
Private	13.2	-15.1	1.8	9.1
Foreign	-0.4	-5.2	-11.1	-0.8
All	**8.5**	**-2.1**	**-0.9**	**4.0**

Staff pattern in RBI

Category	Dec 2007	Dec 2011	Dec 2017
Class I	7,760	8,183	6,955
Class III	6,268	3,381	3,831
Class IV	7,466	6,568	3,999
Total	**21,494**	**18,132**	**14,785**
Class III and IV to Class I	1.77	1.22	1.13

Distribution of staff

(%)	Officers	Clerks	Sub-Staff
PSBs			
2012-13	41.8	40.1	18.1
2017-18	47.9	36.6	15.5
Private			
2012-13	76.3	20.5	3.2
2017-18	91.9	5.9	2.3
Foreign			
2012-13	92.9	5.4	1.7
2017-18	94.7	4.3	1.0
All			
2012-13	51.6	34.4	14.0
2017-18	63.6	25.4	11.0

Source: RBI

Courting economic failure

Improving contract enforcement in India will have large benefits for economic performance and cause India to rise further in the EoDB rankings

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INDIA'S JUDICIAL SYSTEM has many positive features. It is reasonably fair and impartial, and it has often acted to protect citizens against politicians or the powerful overstepping their bounds. Of course, there is considerable room for improvement in equal treatment under the law, especially in a country riven with social and economic inequalities as India is. And there have been instances of judicial corruption, which is always disturbing, even if rare.

A separate issue is the quality of India's laws: do they adequately support ideals of fairness and protection of human rights, and, separately, do they promote economic efficiency? The deeper philosophical challenges of assessing India's legal system are much greater than analysing their economic efficiency, and much progress has been made since pioneering efforts such as Project LARGE, headed by Bibek Debroy, a quarter century ago, to improve laws with a view to enhancing economic efficiency. The approach to reforming the legal code associated with the relatively recent Financial Sector Legislative Reforms Commission displayed economic sophistication and attention to detail, and one has seen improvements in areas such as bankruptcy law, which have been slowly taking root.

Yet another problematic aspect of the India's legal system, however, is its slowness. The best laws in the world will not help if legal judgments are subject to lengthy delays. Again, as far back as the early 1990s, Dilip Mookherjee, building on the Malimath Committee Report from that period, had detailed the shortage of judges, the lack of effective management of caseloads, and poor work practices among lawyers as amongst the factors contributing to delays. These problems have persisted, despite the possibility of tackling some of them without significant new resources: the obstacles have reflected political economy factors, where politicians, lawyers, and, perhaps, judges too, all benefit from the current badly-run system. Another possible barrier to change may have been the difficulty of quantifying the costs of the current system

This gap has started to be addressed by new economic research. In 2016, Amrit Amirapu provided one of the first quantitative analyses of the economic costs of judicial delays in India. In particular, slow courts increase the costs of enforcing contracts, and may delay investments, or even lead to such investments not taking place at all. Amirapu utilised geographic variation in contract enforcement delays across India's states for industries where such contract enforcement would likely matter, versus less "contract-intensive" industries. He found that court efficiency in civil cases (often involving property or other contracts) did matter quite significantly for industrial growth. The fact that court efficiency in criminal cases did not have such a growth effect made these results more credible. In 2018, Johannes Boehm and Ezra Oberfield carried out a similar study. Working with different industry data, but again using cross-state variation, they found that court delays distorted production decisions, and even the organisation of firms, resulting in significant productivity losses. These results complement and reinforce Amirapu's results. The bottom line is that multiple ways of examining the data confirm that the inefficiency of India's courts in the realm of contract enforcement has large negative consequences for economic performance.

Will studies such as the two highlighted here help in influencing policymakers? One place to start may be the World Bank's Ease of Doing Business Index. The Indian government became very excited when the country's ranking according to this index soared recently. The change was associated with improvements in the bankruptcy code (dealing with insolvency is one of the index components), although the index may have given more weight to the promise of those improvements than the reality of them. But India's ranking on contract enforcement is a dismal 163rd. One weakness of the index is that it cannot ensure that components receive weights that properly reflect their importance for economic performance. If one could make the argument that improving India's ranking in contract enforcement will cause it to rise further in the rankings (with the associated reputational benefits), as well as having large direct benefits for economic performance, this might be a starting point for improvements in court functioning.

Of course, changing massive bureaucracies such as the court system is much harder than rewriting legal codes. Here, another aspect of the quantitative studies may help. Since they exploit variations across states, there is scope for benchmarking and competition between states for improvements in judicial contract enforcement, just as states have competed to be recognised overall as attractive destinations for corporate investment. Quantifiable benefits of location choices may affect such decisions for companies, although infrastructure and access to supply chains and markets may be more decisive.

Interestingly, the 2018 academic study relied on data compiled in a report by Daksh, a non-profit based in Bengaluru, which aims "to promote accountability and better governance in India". This may be a crucial part of the process for effecting change. Non-profits can enable and complement academic research, and both together can make the case for policy reform. The academic studies show that inefficient courts have high economic costs, but do not have specific policy recommendations. Organisations such as Daksh can use these studies to bolster arguments for institutional reform at the micro level, perhaps engaging with organisations representing lawyers and judges to fine-tune reform recommendations for India's judicial system. We know for sure that delay in doing this will be costly.

LETTERS TO THE EDITOR

Comedy of errors

It was "a comedy of errors" at Mohali as India contrived to lose their fourth ODI to the Oz after their batsmen came out in flying colours. The opening duo of Rohit Sharma and Shikhar Dhawan finally found their magic touch but the bowling and fielding went horribly wrong. The most glaring lapse was that of Rishabh Pant failing to stump eventual man of the match, Ashton Turner down the leg side even before the batsman could find his bearings. To add insult to injury, Turner was ruled not out despite the 'snicko' technology showing a spike following a review call and Kedar Jadhav and Shikhar Dhawan put down absolute sitters towards the end

— Ravi Chander, Bengaluru

The last election lap

While a long-drawn, multi-phased election is a compulsion on account of security reasons, the regulators must ensure that campaigns do not become bitter/acrimonious and development work is minimally impacted. Varied infrastructural and security requirements and robust contingency planning are the key ingredients of any poll. Protracted elections tend to impact policymaking decisions and affect the pace of projects; phased consolidation of the polling process is an optimal approach with a potential to be productive and cost-effective in terms of resources. Appeals made by the incumbent regime ought to be backed by a stringent action on the part of the regulators, with an end-accountability to ensure that integrity and decorum is preserved at all times. Irrespective of the timing, elections ought to be envisioned as a mechanism to address the civic, state and national issues and not as a platform to derogate counterparts. One election is expected to be a viable option going forward

— Girish Lalwani, Delhi

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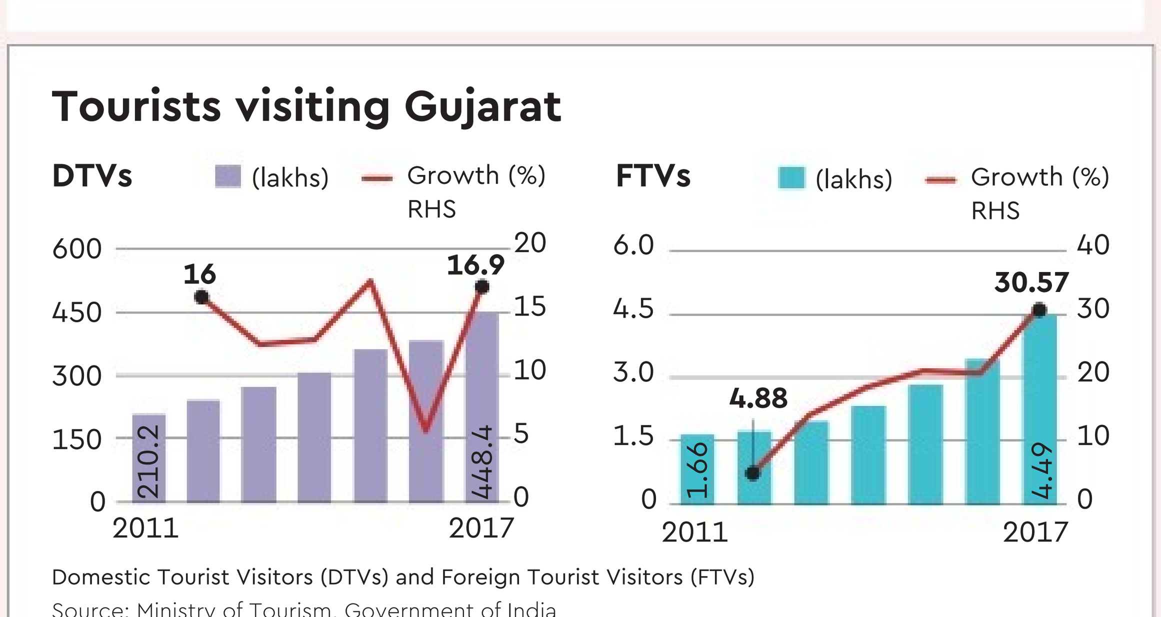
The true cost of alcohol prohibition

State governments need to reflect on their perspective about prohibition of alcohol, especially because it is a significant loss to the interlinked industries, such as tourism, and is a complete wasteful exercise if the ban is repealed later (like in Kerala)



Domestic Tourist Visitors (DTVs) and Foreign Tourist Visitors (FTVs)

Source: Ministry of Tourism, Government of India

ACCORDING TO A 2018 report by the World Health Organisation (WHO), the per capita alcohol consumption in India has increased from 2.4 litres in 2005, to 4.3 litres in 2010, and to 5.7 litres in 2016, mainly driven by changes in demographics and spending patterns. The demand for alcoholic beverages has been rising and it has become an important parameter for tourists as well. The tourist-friendly liquor ban policy prevalent in Gujarat clearly shows that the government takes cognisance of the relationship between the availability of alcoholic beverages and tourist influx.

The state of Gujarat continues to practice complete prohibition of production, sale and consumption of alcoholic beverages since the 1950s. In early 2000s, with the changing business environment in the state and increased acceptance of alcohol around the country, prohibition policies started proving detrimental to the tourism industry. The state tourism department had to intervene to persuade the government to relax prohibition norms for tourists. In the contemporary setting, the tourism sector has multiple interlinkages with other industries such as food services, hospitality, retail and real estate. Therefore, to prevent spillovers on other sectors, over the years Gujarat has evolved its prohibition policy to allow consumption of alcohol under certain circumstances, with the provision of health permits, tourist permits and group permits for holding business meetings.

Gujarat introduced tourist permits on arrival at airports and hotels, and individual and group permits through its online portal in 2014. According to the Bombay Prohibition (Gujarat Amendment) Act, 1963, a hotel that has "ordinarily a sufficient number of boarders eligible to hold permits" can obtain a hotel licence for selling alcoholic beverages to tourists on premises. In 2012, there were 29 such hotels, and by 2016, the state government granted licences to 23 more. The state also has authorised retail shops that are allowed to sell liquor to permit holders directly; in 2014-15, the total number of retail outlets were 26, which has more than doubled to 58 in 2018-19. The effect of this favourable approach towards the tourism sector is reflected in the high inflow of tourists, both domestic and international, despite it being a prohibition state. Gujarat serves as a classic example, where the government has been successful in bringing forth policies to contain the adverse effect of liquor prohibition on the allied sectors.

Taking cues from the Gujarat prohibition story, the Kerala government also introduced a near-complete ban on alcohol. In 2014, the per capita consumption of alcohol in Kerala was 8.3 litres per year, well above the national per capita average of 5.7 litres per year, which compelled the state government to take such an extreme measure. Nevertheless, the move led to a decline in the growth rate of tourism in Kerala, from 8.1% in 2013 to 7.6% in 2014 and 5.9% in 2015. The total estimated loss of revenue from tourism was to the tune of ₹700 billion. The total revenue generated from MICE (meetings, incentives, conferences and exhibitions) tourism alone, which grew at 9.1% in 2013, and 4.8% in 2014, actually plummeted by 0.6% in 2015. Due to such a substantial impact on the economy and employment, the Kerala government had to repeal its decision of alcohol ban in June 2017.

Prohibition has its pros and cons, and its implementation has proved to be a challenging task, to the point of becoming impractical. Despite heavy monitoring and regulation, the illegal manufacture, sale and consumption of liquor continues to cripple the prohibition efforts of the Gujarat government. Data from various sources indicate that the number of deaths caused by the consumption of illicit alcohol is one of the highest in Gujarat. Between 2012 and 2016, spurious liquor claimed 177 lives in Gujarat. A more recent example is from Bihar, where bootlegging, illegal trade and consumption of alcohol is rampant since the government brought in prohibition in 2016. The unrecorded consumption of alcohol in India is around 50%, as shown by another WHO report in 2014. Prohibition tends to push the regulated market underground as well; the result is a parallel economy for alcohol in Bihar. There was a steep increase in substance abuse and bootlegging activities in Kerala as well during the year following the liquor ban.

The immediate effect of prohibition is a dent on states' revenues. Post the introduction of GST, revenue from excise has become one of the major taxes collected by states on their own. When the Bihar government announced the liquor ban in September 2016, it cost the state heavily, as the receipts from state excise fell sharply from ₹3,141 crore for 2015-16 to ₹29 crore for 2016-17. Because of fiscal constraints, the government has been forced to withdraw all capital incentives including subsidy for industries investing in Bihar, as per its new industrial policy. Moreover, there has been an adverse impact on economic activity as well. MICE tourism in the state has taken a huge blow; with most big events, conferences, product launches, etc, been shifted to other states, occupancy rates in hotels have come down to 40-45%.

When Bihar announced liquor ban in September 2016, it cost the state heavily, as the receipts from state excise fell sharply from ₹3,141 crore for 2015-16 to ₹29 crore for 2016-17

State governments need to reflect on their perspective about prohibition of alcohol, especially because it is a significant loss to the interlinked industries, and is a complete wasteful exercise if the ban is repealed later (like in Kerala). One policy does not fit all. In 2016-17, the per capita income of Bihar was ₹28,485 at 2011-12 prices, while Gujarat's was 4.5 times. A state like Bihar cannot afford a loss of revenue and a blow to the economic activity of that magnitude. In turn, enforcement of prohibition laws poses a big challenge for state governments and is a financial burden. The question remains: Is it worth it to "ban" alcohol, rather than focusing on encouraging responsible practices in production and consumption?

The *guru* once again as *shishya*

SEEMA BANSAL & SHOIKAT ROY

Bansal is the director of Social Impact Practice, Roy is an education consultant, BCG India

India needs to invest in its teachers by radically overhauling on-the-job training

A FEW YEARS AGO, a video filmed by a news agency inside a classroom went viral. It showed government teachers in Bihar struggling to spell simple words and do basic arithmetic. The video would have made for a comical parody had it not been reflective of the grim reality at most government schools. Teacher unions protested in rage at the perceived defamation resulting in a ban on any news crew filming inside a classroom. Both reactions neatly sidestep the disquieting reality of school education in India—while the video was perhaps an extreme outlier, many of our teachers are not adequately skilled to teach.

When ASER first started publishing learning outcome surveys, their data was met with outrage. It has taken 10-plus years for states to accept this reality. It is going to take longer to realise that some of our teachers are not all that much better off than our students. A recent Teacher Needs Assessment carried out in a reasonably large and representative state suggests that 76% of primary teachers are not proficient in grade 5 competencies and 70% of upper primary teachers struggle with grade 8 competencies. Currently, 6.6 lakh teachers lack even the paper qualifications required for the job.

We have generations of teachers who enter schools without adequate knowledge—English and higher grade maths and sciences are the biggest challenges. Even those who know the content do not really know how to teach children who are first-generation learners, have no academic support at home, and often come from difficult social contexts. Teachers need subject knowledge, but also pedagogical grounding and a range of skills, from classroom management, basic school administration to something as complex as dealing with child adversity through a knowledge of child psychology. Poor quality of teachers is primarily rooted in a dysfunctional teacher education system.

There are four key challenges. First, most states train teachers for 7-10 days in a year, which doesn't even address the large capacity gap in teachers. Second, almost none of the teacher training is on basic content. Attending a typical teacher training programme is a curious sight—peppered with ice-breakers and teachers singing and dancing, or it goes into complex pedagogical philosophies far removed from reality. Third, teacher training is usually delivered through a three-level cascade of a maser trainer, trainer and then the teacher. This manifests itself as the game of Chinese whispers, where the delivery to the end-user is an extremely diluted form of original content. Fourth, training content is not personalised to the needs of the teacher and never translates to change in strategies inside the classroom.

Every state needs re-envisioning of teacher training—not as 'training' in its narrow sense, but a 'back to school' programme for teachers. The first step is to conduct a rigorous and externally implemented Teacher Needs Assessment that can identify learning gaps and group teachers based on their abilities such that personalised learning pathways could be created for each. Next, design a comprehensive curriculum for each group of teachers that is responsive to their specific needs and mapped to the wide gulf that exists in teacher knowledge. It has to cover grade-wise content for teachers who are themselves unfamiliar with basic concepts, and must include teaching strategies and pedagogy relevant to the realities of a government classroom, as well as tools to deal with challenges associated with teaching first-generation learners from underprivileged backgrounds.

Training delivery should be through a blended learning model where on-site physical training is supplemented by high-quality, targeted, scalable digital content hosted on platforms like DIKSHA. Lecture-mode sessions must be augmented by peer learning groups at cluster level and in-classroom action research projects that can be implemented through NGO support. To upskill teachers, this means at least 100-200 hours of digital content and assessments (collated across platforms) and 20-30 days of in-person training per year.

There are constrains to such deployment but these can be overcome. Teachers have to be motivated through structured incentives and disincentives linked to service conditions. A dedicated pool of quality trainers needs to be created to minimise cascade dilution. States need to commit to round-the-year training and mobilise funding including infrastructure development at DIETs and BRCs—roughly ₹100-plus crore for a midsized state (it is barely 1-2% of state budget).

Academic literature from around the world suggests that a teacher's quality, knowledge and pedagogical skill is the most critical factor affecting a child's learning outcomes. To address the deep learning crisis in the country, we need to start by investing massively in our teachers today.

PM-KISAN

Making the *kisan* more capable

Impart them education and training, and provide good health and sanitary conditions

PP SANGAL

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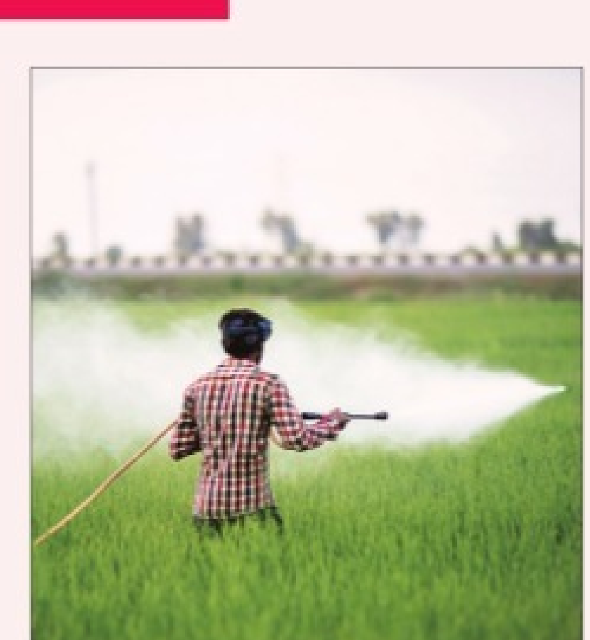

DURING THE LAST FIVE YEARS or so, the central government and several state governments ruled by different political parties have liberally resorted to schemes such as loan waivers and minimum support prices (MSP) of agricultural produce, along with price deficiency schemes like the Bhavantar Bhugtan Yojana of Madhya Pradesh or crop insurance schemes like the Pradhan Mantri Fasal Bima Yojana (PMFBY) and eNAM (National Agriculture Market), among others, to meet the challenge of non-remunerative market prices to farmers for their agricultural produce—for reasons including losses due to climate change and vagaries of nature. However, none of the above schemes have given the desired results, and small/marginal farmers and landless agricultural labourers haven't really benefited.

Of late, due to the unsatisfactory performance of the above schemes, minimum income guarantee programmes in different formats have been or are being launched, with the hope that these would mitigate poor farmers' distress. Cash-rich states of Telangana and Odisha are cases in point; Telangana introduced the Rythu Bandhu scheme and Odisha introduced KALIA (Krushak Assistance for Livelihood and Income Augmentation). The Centre is also trying its hand at a central scheme for all states and launched, on February 24, the direct income transfer scheme called the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)—for small and marginal farmers owning up to two hectares of land. It's made effective from December 1, 2018, and ₹6,000 will be deposited in bank accounts of eligible beneficiaries (about 12 crore) per year in three equal instalments, and the first instalment of ₹2,000 was already distributed to about 1 crore farmers at the time of launch.

The question is: Whether PM-KISAN will be able to deliver and achieve the ultimate objective of the BJP government of doubling farmers' income as envisaged in the Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA), or will it meet the same fate as earlier schemes insofar as the poor *kisan* is concerned and may only help the ruling party gain in the general elections? Before answering, it is relevant to know about the Universal Basic Income (UBI) from which, it appears, the idea of PM-KISAN has been drawn.

UBI has six salient features and is a cash-transfer scheme on a monthly basis to every individual in a family for lifetime. It evolved in early 20th century, but implemented in a sporadic manner on experimental basis for limited periods, not permanently, by some western countries such as the US, England and Finland and some others, and was never implemented in its full meaning anywhere in the world. It appears this welfare model is being abandoned in many countries, not only for its large budgetary implications, which is true, but also for reasons like making people lethargic (having no urge for work and destroying work culture in a nation). This, in turn, would reduce employment and have a negative impact on a country's economy, as some studies in the US and the UK have shown. In developing countries like India, such huge requirements of funds for running such a scheme can't be managed without cutting expenditure on other important development projects. Some proponents of UBI in India quote SEWA-UNICEF (Self Employed Women's Association-UNICEF) pilot project, conducted in Madhya Pradesh between 2011 and 2013 in eight normal villages and one tribal village, as an example of success of UBI-based monthly income transfer welfare model. If so, why was this model not replicated in the entire state that had the BJP in power from 2013 to 2018, and the Centre too had a BJP-led government? Has any research been done on this?

Coming back to PM-KISAN, we first need to understand the limitations and challenges in its implementation:

- Being a cash-transfer scheme, it exudes little confidence in its success like the National Food Security Act and other subsidised schemes for providing seed, fertiliser, water and electricity, etc, which are in the form of in-kind transfer to the farmer. It's because of the obvious reasons of financial leakages in its implementation, as our experience with the ongoing flagship cash scheme MGNREGA proves. In addition, the banking system may not work satisfactorily in far-flung areas of the country.
- Land records in many states are not fully digitised and updated, and it would create issues of both wrong inclusion and exclusion in the identification of beneficiaries. Thus, many deserving persons could be deprived of the benefits.
- The assistance of ₹6,000 is too meagre considering high cost of cultivation and, therefore, would not stop poor farmers to run to private moneylenders, which is worrisome and needs to be avoided. Do we know that small/marginal farmers who constitute about 86% of landowning farmers consume whatever they grow and have very little surplus to sell?
- There is also a possibility of misuse of monetary assistance by the beneficiaries, which would forfeit the very purpose of the scheme.
- There is a lacuna in the design itself of PM-KISAN, as it does not cover tenants, agricultural labourers and sharecroppers, who constitute about 30% of poor farmers (one must learn from KALIA of Odisha in this respect).
- Lastly, but most importantly, the Centre has estimated yearly expenditure of ₹75,000 crore on PM-KISAN, which would greatly increase if the government includes landless labourers and enhances the amount of ₹6,000—both of which are necessary requirements. This would be in addition to about ₹2.5 lakh crore of subsidy that is already provided for various farming inputs and the expenditure on MGNREGA. Is such a huge amount possible within the government's fiscal space that, anyway, is tight?

In view of the above facts, my research says that even PM-KISAN would not achieve what the government intends to do. It's like giving a farmer a fish, rather than teaching him how to fish, as the Chinese proverb goes. The need of the hour is that the government should develop capabilities in poor farmers (in fact, in all the poor) by imparting them suitable education and training, and providing good health and sanitary conditions. It is only a healthy mind in a healthy body that can achieve something on its own, fighting through the market forces. The government has to focus more on these aspects as the existing efforts in this direction, both in terms of expenditure on infrastructure and manpower, are insufficient. Such an expenditure would be an investment that will come back into the economy and won't go down the drain. We have already wasted seven precious decades.