Opinion

MONDAY, SEPTEMBER 2, 2019

PRESSING FOR FREEDOM

Union Minister for I&B, Prakash Javadekar

During students movement days, we fought against Emergency in 1975 and went to jail to protect media freedom. That commitment remains today and forever to protect the freedom of media

SHOBHANA SUBRAMANIAN

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Need real reform, not govt-spends

Rapid govt-spend has brought NHAI to its knees while bad policy has wreaked havoc on genuine investors like Vodafone

THE ECONOMY IS slipping—slipping fast and to levels not imagined. A 5% GDP growth in Q1FY20 and, more pertinently, a 4.9% growth in the GVA tells us the slowdown is far more entrenched than anyone believed. To be sure, some of the damage has been caused by the low inflation, but collapse in the real growth in manufacturing to 0.6% year-on-year (y-o-y) means there is a problem.

Amidst all the debate of structural versus cyclical, what's worrying is the huge loss in consumer confidence, reflected in the sagging sales of homes, cars and, now, biscuits. Private consumption grew an anaemic 3.1% y-o-y in Q1FY20, on a modest base of 7.3%; that was expected given the lay-offs in industry as businesses scale back—or even close down. Could this get worse? Probably not, but it is unlikely to get much better either.

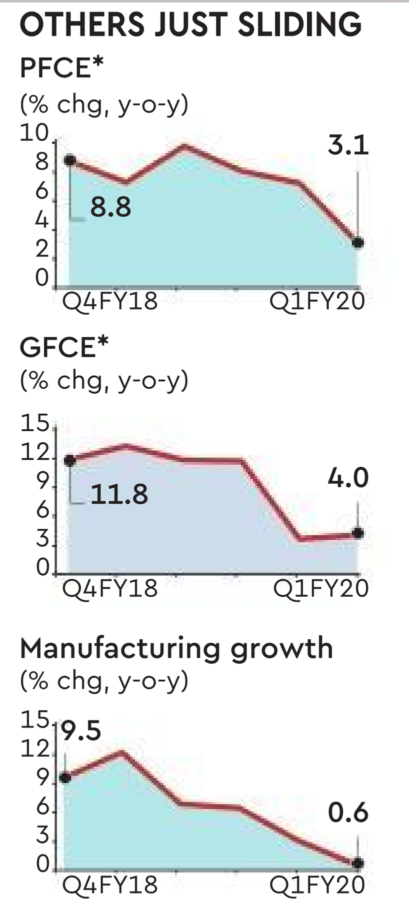
To counter the slump, the government must immediately start addressing the structural weaknesses—unfair and complex regulation, poor infrastructure, poor governance, rigid labour laws, unrealistic compensations for land, no deep bond market. And, for this, the government must first decide it wants flexible labour laws that allow companies to hire and fire with ease; so far the changes to the labour laws have been cosmetic.

As for the infrastructure build-out, there are some who say money isn't the problem; in which case, the question would be, what is? The finances of entities such as NHAI are precarious—₹1.8 lakh crore, with twice the amount of contingency liabilities. Also, it used the HAM model, which allowed entrepreneurs to get away with no skin in the game. Today, no concessionaire wants to take on any risk at all.

Those businessmen who took the big risks and invested billions of dollars—Vodafone has brought in more than $7 billion of capital in the last few years as FDI—are today scrounging for cash because their businesses are coming apart. This, for no fault of theirs, but because the government framed the rules against them. Unless all players are treated fairly, corporations can't be expected to invest.

Indeed, recapitalising banks and injecting liquidity into the system will have limited impact. Without a level-playing field, no businessman would want to risk capital, so deep is the morass in sectors such as power and telecom. Indeed, the NPA cycle seems to be far from over, with lenders staring at defaults from NBFCs, power plants, MSMEs and, maybe, even telcos.

OTHERS JUST SLIDING



*At 2011-12 prices

The government's recapitalisation of state-owned banks is expected to result in some ₹5 lakh crore of additional loans, and it should result in a pick-up in credit. However, the problem today is not one of supply—banks already have funds to lend. It is that there aren't enough credit-worthy customers—whether retail or corporate—and, therefore, banks are understandably cautious. Each day, one more company is downgraded, leaving them with fewer lending opportunities. While there is surplus liquidity, this is available only to top-tier borrowers, leaving a large swathe of firms and NBFCs without access to affordable credit. If banks lend to these unreliable borrowers, it will come back to them as NPAs in a couple of years. Having burnt their fingers, private sector lenders are unlikely to grow their corporate books at the pace they did in the last investment cycle; a couple of them lend very little to companies.

Given how the clean-up in the corporate sector is far from over and growth is weakening, they would turn more risk-averse. Also, there is much hope banks will trim loan rates, but that is unlikely because banks can't drop deposit rate below a point; despite surplus liquidity, credit growth has slowed to 12%—hurt by the softer offtake in services. In any case, low interest rates cannot spur a recovery.

The story is much the same in the retail space. The unfortunate fact is that asset prices—homes and cars—remain elevated whereas affordability is coming down. One way out of the mess in the residential real estate space could be to hand over incomplete projects to established builders—foreign and local—offering them good returns and concessions. That way lakhs of home-buyers will get possession of their property in the next couple of years, catalysing demand for a range of raw materials, goods and services. Else, the bankers stand to lose large sums.

The government's short-term fixes—clearing GST refunds in 30 days—will help, but these amounts are less than ₹5,000 crore. Also, with tax collections dull—the destocking in the economy hurts GST—and the ambitious disinvestment target unlikely to be reached, it cannot spend as much as it wants; that will exacerbate the slowdown. Moreover, it is important to manage sentiment—depressed consumers are not good for the economy. Fortunately, the monsoons have recovered, but at the same time, global growth and trade are decelerating, which means the already-wilting exports will wilt further. There aren't too many options; for a real recovery, reforms are a must. In the near term, some extra spending by government, at the cost of fiscal indiscipline, is needed.

BadHYGIENE

Price controls on hygiene products a bad decision; government can consider other options

WHILE NITI AAYOG setting up a standing committee to make recommendations to the drug-price regulator, the National Pharmaceutical Pricing Authority (NPPA), seemed to be a good move—NPPA seemed to be guided more by an anti-pharma-MNC agenda than any lofty regulatory ideal—given the recent arbitrariness of its decisions there does not seem to be much difference between the two. News reports suggest that Niti Aayog is planning to create a new list of hygiene products to put under price control. Although the National List of Essential Medicines already contains 384 categories, a *Times of India* report highlights that the government is preparing a separate list for hygiene products. The new list is expected to have two groups and may include items like handwash, adult diapers and sanitary napkins. The primary category is expected to have a price control, and the secondary may operate with trade margin limits. Although the intention is to provide low-cost solutions, given the competition, there is little rationale for this.

For one, price controls may force companies to discontinue low ranges. Worse, the quality of the lower-grade products may decline. Take the case of sanitary napkins, the cheapest ones are already priced at ₹3. With many social enterprises working in the field and selling napkins at ₹1.5, there is not much room to introduce price caps. Moreover, if there is a serious concern over hygiene, the government can always dispense sanitary pads free via its Asha and Anganwadi centres—it recently announced that it would sell them for ₹1 at Jan Aushadi centres—like it had done for contraceptives under National Programme for Family Planning. A price cap would do nothing, but deter companies from creating products for the lower end of the market. It shall also bring forth the arbitrariness of the regime, which was a significant reason for defanging the NPPA.

FROM PLATE TO PLOUGH

THE POLITICAL STALWART ALSO HAD A KEEN AGRI-SENSE, AND UNDERSTOOD THAT THE HIGHEST PAY-OFF FROM ECONOMIC REFORMS IS NOW TO COME FROM AGRICULTURE

Remembering Arun Jaitley's agri-touch

ASHOK GULATI

Infosys Chair Professor for Agriculture, ICRIER

Views are personal

SEVERAL OBITUARIES HAVE been written on Arun Jaitley's untimely demise. Most focus on his contribution to BJP as a political strategist, or to the nation through GST-type reforms, or as a personal friend to many, including those in the Opposition benches in Parliament. But, I have not read anyone writing about his agri-sense, and his contribution to agri-policies. And that is what I want to focus on.

But, before I venture into this little-known aspect of Jaitley's contribution, let me say that we both studied together in Shri Ram College of Commerce (SRCC) in the same batch, 1970-73; Arun was in Commerce while I was in Economics Honours. After that, he went on to do a degree in Law, and I pursued Economics at the Delhi School of Economics. But, I did watch his rise in politics and public affairs from his Delhi University Student Union (DUSU) President days to being imprisoned during the Emergency imposed by Indira Gandhi, and then, later, being the crowd-puller for Atal Bihari Vajpayee's election campaigns. Like Arun, I, too, had the privilege to work with Vajpayee *ji* when he became the prime minister of India in 1998. But, my interaction with Arun Jaitley on issues related to agriculture started in earnest when he became the finance minister in the Modi government in 2014.

Interestingly, it was one of those days in 2015 at the Rashtrapati Bhavan when the President gives away Padma awards to many people from diverse fields for their contribution to the country. I happened to be one of those Padma awardees. Immediately after the ceremony, Jaitley, who was sitting in the front row, came to congratulate me, and then said, "Ashok, I read your piece 'Lead from the Centre' today in *Financial Express*, and what you are saying, that we need to invest much more in irrigation, makes lot of sense to me, especially when India is facing occasional droughts. I think we can do it". I thought it was a normal gesture on such an occasion. But, I was pleasantly surprised when I found him announcing a special scheme, of ₹40,000 crore, for 'Long Term Irrigation Fund' through NABARD, in his next budget speech. The scheme helped many languishing major and medium irrigation projects move somewhat faster toward completion. He was a silent doer on many such schemes.

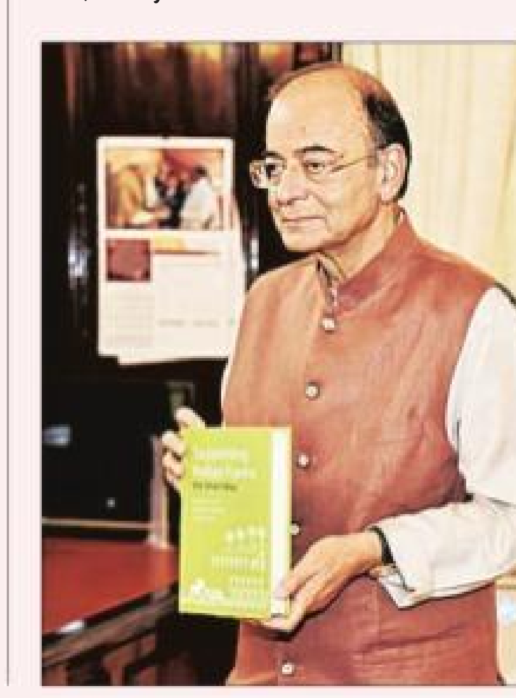
On another occasion, I was called to give a presentation to him, and his key advisors in the Ministry of Finance, on revamping the crop insurance scheme in the wake of the back-to-back droughts of 2014 and 2015. He listened very attentively, and then asked how much extra it would cost. My curt reply was that the central government was already giving away about ₹6,000-7,000 crore per annum to states through the PM's Disaster Relief Fund. The modalities adopted in compensation were not very scientific. But, if the Centre went for a proper crop insurance system—I suggested a weather-based system, with high-tech automatic weather stations installed all over the country—it may cost another, say, ₹5,000-7,000 crore, but could be made more scientific. His immediate response was, "this is doable". After that presentation, what I heard was an announcement by the prime minister about the revamped PM's Fasal Bima Yojana on Baisakhi, as a gift to Indian farmers. It is still going through some teething problems as, instead of being weather-based, it was rolled out on crop-cutting experiments, which can be manipulated through the *patwari* system.

But, the biggest agri-idea that came from him—and many heard it during the last year or so, on various occasions—was his statement that the highest pay-off from economic reforms, after the GST reform, is to come from agriculture. He knew very well that agriculture is a state subject, and, if one has to reform agri-markets by amending Essential Commodities Act and APMC Act, engaging states in a "cooperative federalism" would be essential. He spoke about this idea, loud and clear, on one of NABARD's Foundation days. He was also clear that the lead for such a push has to come from the Centre. In fact, he even asked NABARD to initiate some spade-work in this direction.

Similarly, if one has to do any tenancy reforms, with a view to open up land lease markets, again, the blueprint has to be something like the GST council, involving the states as well as the Centre.

The other big agri-idea with which Jaitley concurred was to gradually transfer various subsidies in the agri-food space to direct cash transfers into the accounts of beneficiaries. He said this while releasing one of my books, '*Supporting Indian Farms the Smart way*' (see graphic) in 2018. The book was based on two years of in-depth research on how different agri-policies impact Indian farmers, agriculture, food security, natural resources, especially water and soil, etc. The central message was that Indian agricultural policies have inherent consumer bias, and that input subsidies related to fertilisers, power, irrigation, interest subvention, etc, do not promote efficiency in their usage. Instead, they are creating several environmental problems, like groundwater depletion. The best solution would be to give these subsidies directly to beneficiaries in cash, and free up the highly subsidised prices of fertilisers, power, etc. He echoed this in his speech, and said that this is surely a 'smarter' way to help our farmers.

It is sad that his health deteriorated fast and he is no more with us. The best tribute to such a personality is to implement his ideas in full faith. Can the Modi government create a GST-type council for agriculture reforms, and realise his wishes by implementing agri-marketing reforms and transferring agri-input subsidies directly to beneficiaries' accounts through Aadhaar. That would be the most meaningful tribute to Jaitley.



Indian economy: Growth and cycles

Concurring with the view that the economic slowdown was cyclical, the recent Reserve Bank of India analysis called the three-quarter slide a down phase, but not a trend reversal

MEGHNAD DESAI

Prominent economist and labour peer

Views are personal

IT HAS BEEN a mixed two months since the first Budget of the second term of the NDA government. The Budget took a stern view in terms of taxation of the super rich. It pleased markets by committing the government to borrow abroad. But, it was churlish in putting shackles on FDI.

The economy had been losing growth momentum since the last quarter of 2018. In the first quarter of 2019 (the last quarter of FY19), GDP growth came in at 5.8%, far below the 7%+ rhythm of the previous four years. I took the view, then, that the slowdown was cyclical due to uncertainty and the collapse of confidence in the non-banking lending sector.

What was needed, I thought, was not temporary boost to demand, but a strategy for long-run growth. The Reserve Bank of India has just come out with its analysis, which called the three-quarter slide as the down phase of a cycle, but not a trend reversal. On Friday afternoon, the numbers for the second quarter of Calendar 2019 (first quarter of FY20) have come in at 5%.

The government has been showing awareness that its budget may have given wrong signals. I blamed the confused message of the Budget on the anti-growth and anti-foreign capital ideologues in the majority party. These elements seem to have been checked and Nirmala Sitharaman has been issuing announcements which are like supplementary Budget addenda. This may be the best way for a new finance minister, feeling her way into the demanding job following Arun Jaitley, who had a remarkable control over economic policy with the enthusiastic support of the prime minister.

This has been just one of the shocks of the week. Earlier on in the week, the news was confirmed that RBI will be able to transfer ₹1.76 trillion (around $250 million) from its dividend income as well as by drawing down on its reserves. Late last year, there had been an open argument between the central bank hierarchy and the finance ministry about what the latter thought was excessive prudence on the part of RBI. The capital ratio of RBI was thought to be way above what was needed by Delhi while its own technical experts thought otherwise. The Governor, Urjit Patel, and his Deputy, Viral Acharya, both discreetly departed.

The Bimal Jalan Committee reported earlier this week and recommended that the ratio could be reduced safely. RBI thereupon announced the transfer, which will ease the fiscal pressure on the government. This has raised questions about the independence of the central bank. The idea that central bank should be independent of the elected Executive seems to have become a religious dogma. But, it is a fairly recent development. UK conferred independence on the Bank of England only upon the arrival of Gordon Brown as the new Chancellor in 1997, and only with respect to setting the interest rate.

A comprehensive strategy to dump inefficient PSEs would change the image of India abroad

India has never had such a tradition, and the 1935 legislation setting up RBI clearly enjoins it to follow Treasury advice. Governors were appointed from the cadre of retiring finance secretaries, and they carried out the task of walking the line faithfully. It was globalisation and vaulting ambition which led the Manmohan Singh government to invite a distinguished academic, Dr Raghuram Rajan, to be the Governor, signalling India's coming into the big league of economic powers. Rajan took independence as obvious, but quit halfway through his second term, when the elected government had changed colour. His successor, Dr Urjit Patel, a Yale alumnus also took independence as prudent.

The masters in Delhi disagreed, and Dr Patel politely made his excuse and resigned. The situation is back to normal, and Shaktikanta Das, the new Governor, has been very active in bringing down the interest rate while keeping inflation on its downward path. The cooperative attitude will continue. The test is now of the fiscal authorities in Delhi, as to how they will use the gift from RBI. It would make sense if the money was used to recapitalise the nationalised banks preparatory, hopefully, to their sale. The government could also use the windfall for retiring debt, which would cheer the bond markets.

What is now needed is a clear signal from the PM himself that his commitment to sustained and sustainable growth over the medium term has not changed. From the recent statement by the aviation minister, we know that the government intends to privatise Air India. A more comprehensive strategy to dump unprofitable and inefficient public sector enterprises would change the image of India abroad from a reluctant half-hearted commitment to becoming a middle income level economy in the second quarter of the twenty first century, taking on rivals and winning. India can, and must do it. The way Modi has got the world used to learning about India is by announcing the strategy himself. Modi 2.0 has to be like Modi 1.0 just bigger and better.

LETTERS TO THE EDITOR

Virtual currency, unaugmented reality

The virtual-currency segment continues to remain volatile, even though speculations of acceptance by lead international economies and transparent regulations governing the introduction of new Altcoins, are on the rise. Experienced-traders and strategic-analysts predict a huge demand, on account of lower liquidity and mining-returns. It is important that Regulators and Regulatory Authorities managing licensing of cryptocurrency-based firms, are on the same page. To micro-monitor the sector in letter and spirit—legacy players as well as the potential new entrants viz. e-commerce firms, online retailers and social media platforms, must be subject to the same set of regulatory policies. Potential misuse of the existing vast-outreach by these platforms, to create inroads in the uncertain asset-class and leverage avenues such as gift-cards/vouchers to increase indirect-exposure. At present, limited infrastructure availability and investment towards R&D, has impeded the application of digital-currencies as a viable alternative for peer-to-peer payments/fund-transfers. To reduce market-risks, it is important to expedite the launch of an alternative crypto-format, which is transparent and adherent to global financial-standards. A well-regulated digital-instrument with crystal-clear norms on asset-categorisation, valuation, taxation and end-use, can facilitate optimal utilisation of the underlying block-chain in key sectors. Impediments of person-dependent operations, undefined-ownership and money-laundering/round-tripping of funds, ought to be surmounted, in order to boost the market-presence and accessibility.

— Girish Lalwani, Delhi

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R.N.I. Reg. No. 6188/61 Printed for the proprietors, The Indian Express (P) Ltd by Vaidehi Chintaman Thakar at The Indian Express (P) Ltd Press, Plot No. EL-208, TTC Industrial Area, Mahape, Navi Mumbai-400 710 and published from Express Towers, Nariman Point, Mumbai-400 021. Editorial & Administrative Offices: Express Towers, Nariman Point, Mumbai-400 021. Phone: 22022627/67440000. Fax: 022-22856323.
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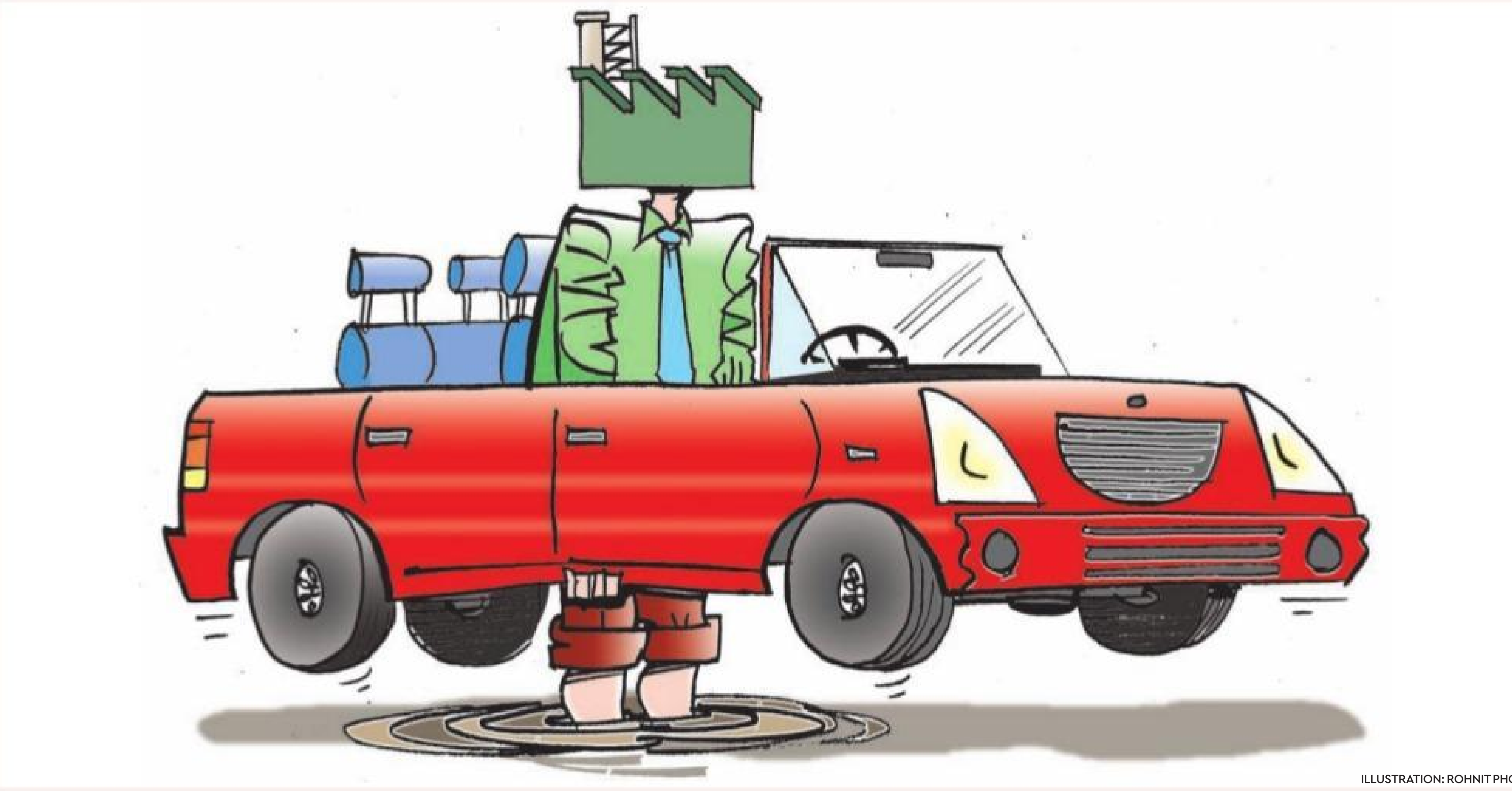

ILLUSTRATION: ROHNIT PHORE

VIKRAM SINGH MEHTA

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OVER THE BARREL

Why Indian economy needs a big picture view

The apparent lack of cohesion in economic thinking is worrisome because it makes one wonder whether there is any economic body in the government that has both the mandate to look at the big picture—i.e. evaluate the consequences of the macro impact of seemingly unrelated sectoral economic decisions—and also the ear of the political leadership

OVER THE PAST few weeks, there has been much commentary on the economic slowdown. Whether the cause is structural or cyclical; whether the government should inject liquidity or allow the private corporate sector to stew in their woes. This division of views is not surprising. After all, it is a commonplace barb that three economists in a room will eventually present four different views. What is worrisome is that this division appears to cut across the political and administrative apparatus of the government. The vice-chairman of the NITI Aayog has stated that the economy faces an unprecedented liquidity situation: "Not in the past 70 years has the financial sector been in such a churn (where) nobody trusts anybody else." The Chief Economic Adviser appears somewhat more sanguine: "Some sectors are doing well—the economy does not need a fiscal stimulus." The minister of road transport and highways has taken a strip of the NITI Aayog for announcing a ban on petrol and diesel vehicles. He said that the NITI Aayog was but a think tank with no executive authority, and that such decisions were for him to make.

This apparent lack of cohesion in economic thinking is worrisome because it makes one wonder whether there is any economic body in the government that has both the mandate to look at the big picture—i.e. evaluate the consequences of the macro impact of seemingly unrelated sectoral economic decisions—and also the ear of the political leadership. It is also worrisome because the consequences of lack of cohesion can, in our connected economy, lead to avoidable systemic damage.

Let me illustrate this point by drawing on the plight of the automotive industry.

The demand for transport vehicles (passenger cars, heavy commercial vehicles, and two-wheelers and three-wheelers) has dropped by 12.3% in the first quarter of FY19/20 over the comparable quarter of the previous year. This is the sharpest decline since 2001. No one can make the claim that this is entirely the result of government policy. There are deeper reasons particular to the structure and dynamics of the industry and every auto company will need to introspect hard on the specifics of the internal changes it must implement to tide over its current market problems. But, equally, no one can argue that the industry has not been impacted by government policy. The decision, last year, to increase the maximum load-carrying capacity of trucks knocked the bottom out of the market for heavy commercial vehicles. The demand for this category has, since that decision, fallen by around 20%. The generalised constriction on retail financing by banks has squeezed dealers of their working capital and dampened consumer demand. Consumers could, at one time, borrow up to 90% of the cost of a vehicle. Now they are fortunate to get even 65%. Auto loans, incidentally, account for barely 2.5% of banks' non-performing assets (NPAs). The tightening of safety norms or the fast forwarding of the Bharat Stage 6 emission norms have raised the cost structure and, consequently, prices.

All of these decisions might make sense on a standalone basis. But when considered through the prism of their collective impact, they acquire some rough edges. This is because the auto industry sits at the nub of the manufacturing sector. It accounts for 49% of manufacturing GDP and, according to the Society of Indian Automobile Manufacturers (SIAM), it supports directly and indirectly 37 million jobs. The decline in demand for its products has rippled, therefore, across the macroeconomy. SIAM has estimated that 5-7% of those employed along the automotive value chain (OEMs' suppliers, vendors) have lost their jobs and that all contract hiring has stopped. It has also estimated that GST collections from the auto sector during the first six months of 2019 are Rs 6,000 crore less than what was received by the finance ministry during the first half of 2018.

I cite these figures not to make a case for relief for the automobile industry—I am a director at Mahindra and Mahindra and doing so might attract the criticism of conflict of interest—but to substantiate the consequences of lack of cohesion in economic management and to make the point that sectoral initiatives must be viewed through the prism of the broader economy.

In November 2008, at the height of the global financial crisis, Queen Elizabeth asked an assemblage of economists gathered to celebrate the opening of an extension of the London School of Economics, why none of them had anticipated the crisis. The academics responded by letter in July 2009. They catalogued the macroeconomic, regulatory and behavioural reasons for the crisis, but they also wrote that whilst "everyone seemed to be doing their own job properly" and on its own merit, "there was no one who understood the risks (of what they were doing) to the system as a whole." There was no one that saw the whole picture and who appreciated that "whilst individual risks may rightly have been small," the collective impact of these risks could "well trigger a systemic collapse."

Our administrative apparatus is vertically structured within siloed compartments. Bureaucrats have a narrow remit and few, if any, have the mandate to take a broad view and evaluate the consequences of their decisions on the system as a whole. There is no fora to enable and facilitate interdisciplinary, interdepartmental and collaborative economic decision-making. We do, of course, have the NITI Aayog and the Economic Advisory Council to The Prime Minister (although I must admit, I am not clear of the latter's mandate or role), but the recent exchanges suggest they do not have the executive authority to contextualise sectoral initiatives within the broader sweep of the macroeconomy. There is a need to fill this lacuna.

This is certainly not the first call for an administrative overhaul. Many reports have been written on the subject and this article is treading a well-trodden path. But against the backdrop of the current economic downturn, I am reminded of Rahm Emanuel's (Chief of Staff to US President Barack Obama in 2009) exhortation to not waste a "serious crisis" and to grab the "opportunity to do what (one) could not do before." The opportunity now exists to dust off and implement the recommendations that call for a cohesive and integrated platform for economic management.

TRANSFORMING CLASSROOM

Saluting the changemakers

ASHOK K PANDEY

The author is an educationist, and director, Ahlcon Group of Schools, Delhi

Innovations and dedication mark this year's list of National Awards for teachers

GUESS WHAT? A STAGGERING 1.5 million schools, 10 million teachers and 300 million children describe the vital statistics of India's schools. We hear about poor learning outcomes and scary levels of dropouts; inaccessibility and lack of accountability. There is a lot of inspiring initiatives that do not get enough public attention.

The central and state governments have endeavoured to set up schools located at high altitudes, in the cyclone-prone coastal areas. Children are walking to schools situated in the harsh terrains of Ladakh, and to the ones in security-challenged forests covering several states. There are schools with less than 10 students. In one school, the first child admitted in Grade 1 waited for two years to get her first classmate.

There is a school in West Bengal for the children of Hindi-speaking migrant workers. Jharkhand has a school for Odia-speaking population. To preserve the tribal culture and tradition of the Toto community, the West Bengal government provides schooling even in remote tribal areas. The Rajasthan government has set up CBSE affiliated schools of excellence. There are schools that educate the children, as also save them from abduction and trafficking. There is a reason to believe that governments have shown conviction and the community has supported the cause of education. Funds have been made available by the government and through donations. What lacks attention and coverage are the stories of highly committed men and women taking the entire mantle upon themselves. Their stories are courageous in the face of adversities.

What have these classroom icons accomplished? They are using school buildings as learning aids and making sure of the provision for clean drinking water. Energy-saving, sanitation, herbal gardening, erecting a wall for creativity, computerisation, video presentation and community involvement come across as shining examples of their pioneering efforts. It is heartening to note that without any initiation, these teachers approach the potential donors to invite help. Many of these teachers chip in their savings, too. One headteacher confessed, "I can beg anyone for anything that helps my students learn more—I am a beggar, not a boss."

> The central & state govts have also endeavoured to set up schools located at high altitudes and in the cyclone-prone coastal areas

Another young teacher turns a driver in the morning and afternoon to drive the cab donated by an alumnus. In between, he teaches the students maths and science. Enrolment in schools has gone up. A unique story comes from a former constable of the Karnataka police turned teacher who is teaching plumbing and painting skills. A teacher from Nagaland is transferring his talent in art. A bright young man from Uttarakhand quit his professorship in a Scandinavian country to take up a teaching position in a village school. That could serve as an inspiration for college graduates shying away from taking school teaching as a preferred career.

These teachers are creating sustainable learning spaces and nurturing a million aspirations. It comes out unequivocally that "giving" and "giving generously" is the first principle of making a difference. One teacher narrated her story of how the "blackboard" exposure is saving children from falling prey to "red board," alluding to possible radicalisation of children. The second principle is self-learning. No wonder, all of them are using technology to learn and teach. The third principle is fostering innovation, improvising resources drawn from the local context. To reduce the load of the school bag, one school has prepared a single book for all subjects in each quarter.

On September 5, the grateful nation and the President will accord the National Award to Teachers to 50 of these change-makers. These stories are reminders of the challenges we face and, at the same time, give us solace that it is humanly possible to make a change.

ADLERIAN THERAPY

A positive approach to counselling

A therapy that can help overcome inferiority complex

VIDYA HATTANGADI

The author is a management thinker and blogger

ALFRED ADLER CREATED the 'personality theory' that he called 'individual psychology' because he believed that people are unique and each one requires a different treatment. Adler initially followed Sigmund Freud's teachings, but he disconnected after a disagreement. Freud's theory says that human behaviour is driven by sex. Adler's 'personality theory' says that the base of human behaviour is to overcome the feelings of inferiority. This is the fundamental difference between Freud's and Adler's theories.

Adlerian therapy is a short-term, goal-oriented and positive psychodynamic therapy based on the theories of Adler, who focused a good deal of his research on feelings of inferiority versus superiority in people; besides the amount of obstacles one faces in life. He also observed that each one craves for a sense of belonging in one's own community and society. According to Adler, feelings of inferiority can result in irrational behaviour. But, in the right setting, an individual can be motivated to strive for greater success. Adlerian therapy focuses on how individual personality is interconnected with the society at large.

Usefulness of the theory: Adlerian therapy is useful in any type of psychological disorder or mental illness. This therapy may be used in combination with other therapeutic approaches such as insightful counselling, music therapy or art therapy, as it best suits the needs of the individuals involved. An Adlerian approach can be employed with children, adolescents, adults, individuals, couples, families and business organisations.

The therapy applies in four stages: engagement, assessment, insight and reorientation.

Engagement: The therapist must be empathic towards the client; he/she must make the client comfortable so that the client feels secured and is able to open up or vent his/her problems. The client and the therapist begin to establish a therapeutic relationship. The relationship should consist of a teamwork towards addressing the client's problems. The therapist should offer support. Adler laid emphasis on knowing birth order of the client among his/her siblings and the client's early childhood memories. Birth order refers to the order a child is born in his/her family; for example, first-born, second-born or youngest. Birth order is often believed to have a profound and lasting effect on psychological development.

Assessment: A common approach to assessment in this therapy is to assess the client's lifestyle. At this stage, the therapist works to learn more about the client's background, including early memories and family structure and family dynamics. In this part of therapy, the therapist tries to understand how the client may have developed certain styles of beliefs that no longer are helpful to him/her.

Insight: The therapist helps the client to view the situation from a different perspective. The therapist makes the client understand his/her lifestyle meanings, morals and goals that need a fresh perspective, and how the client needs to change the dysfunctional or flawed pattern of thinking/behaviour. The Socratic method of asking questions and stochastic (random guessing hence unpredictable) guessing method are employed. Socratic approach is a form of cooperative dialogues between individuals, based on asking and answering questions to stimulate critical thinking and to draw out ideas and underlying suppositions.

Reorientation: In this stage, the therapist suggests his/her client to take steps to reinforce newly-developed insights. Often, the client learns more about his/her unknown capabilities and strengths. It happens quite often that we learn about our capabilities from others. In fact, occasionally, we find a good counsellor in a friend, sibling, parent, neighbour, teacher, etc. In this stage, the therapist encourages the client to make some changes, to develop courage, alter some habits to overcome the flawed thinking/habit.

Where does Adlerian therapy help? It focuses overall to reframe the attitudes, beliefs and lifestyle choices that block success of people. The therapist focuses on the approach in which the client effectively reaches the desired goals. One of the core tenets of Adlerian therapy is that individual behaviour must be explored within the context of a client's sense of 'fitting in' with his/her community, and society at large. In some cases, this extends to birth order and how one's role within the family affects the development of one's personality and future relationships. This therapy works well in schools, clinics, corporations and other community settings, which helps in providing a sense of belonging and respect for all. This therapy works especially well with positive orientation.

What qualifications does an Adlerian therapist require? He/she is a licensed psychotherapist with a Master's degree or doctorate, and specialised training or experience in an Adlerian approach. If you are seeking this therapy, you must speak to the potential therapist; ask if he or she takes an Adlerian approach to treatment. Once it is established that a therapist has the credentials and experience you are looking for, it is important to make sure you are comfortable working with that therapist. It is possible that other professionals, such as doctors, nurses, teachers or counsellors, may also incorporate Adlerian principles into their work.

The base of Adlerian therapy: Inferiority is a feeling that humans have since they are born. They grow up being dependent on their parents and to a great extent they are influenced the way they are treated by their caregivers. Children shape up as what their parents think of them. Later, they get influenced by teachers, siblings, neighbours, etc. When they take up a career, their peers, bosses, colleagues influence them. Each individual tries to 'fit in' in societal norms. We feel motivated if a majority of people in our life think positively about us. If we get negative feedback, our inferiority complex gets more cemented. It is a human drive to overcome inferiority and become superior.