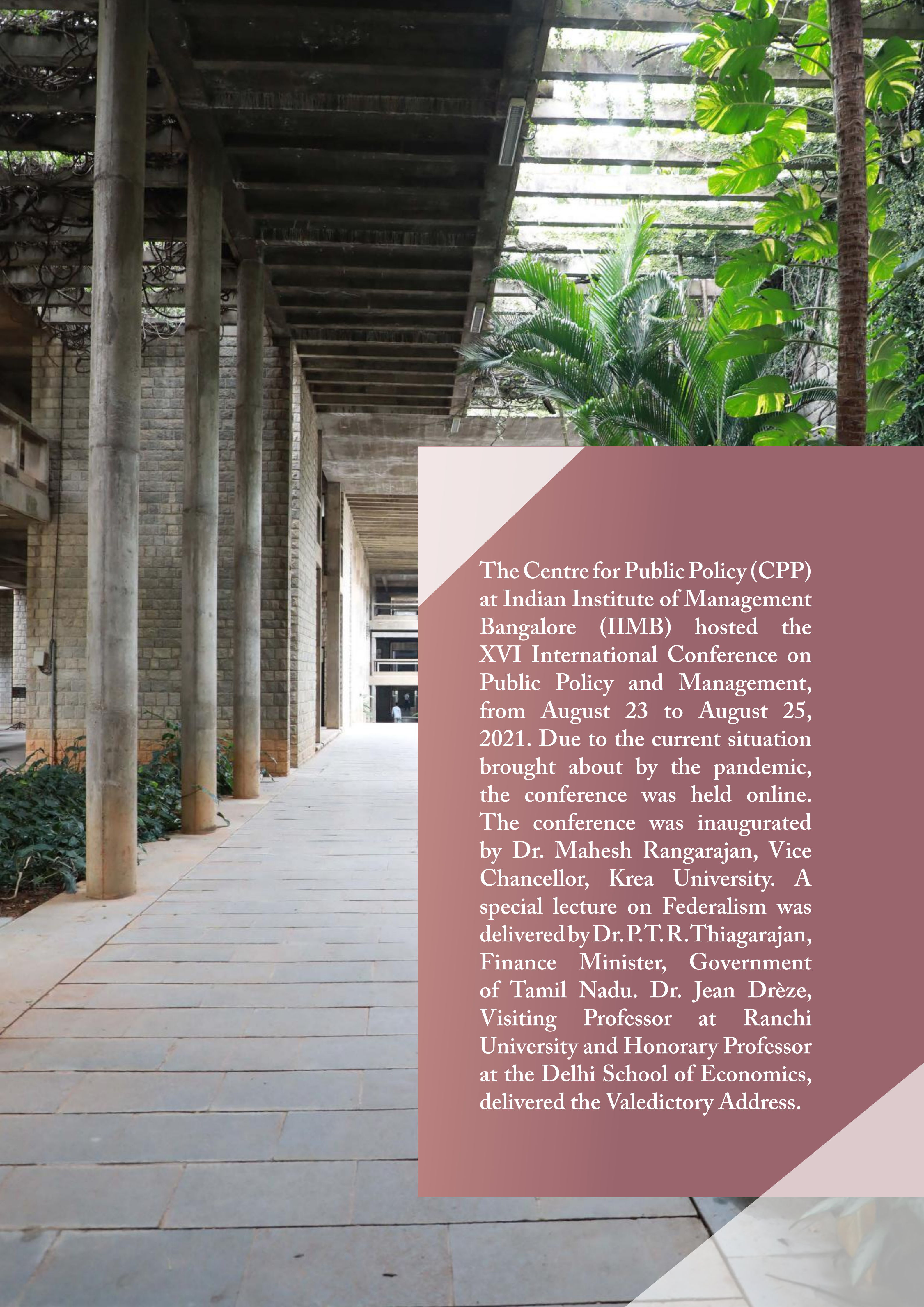
Centre for Public Policy

Special Papers from the XVI International Conference on Public Policy and Management

August 23 to August 25, 2021



The Centre for Public Policy (CPP) at Indian Institute of Management Bangalore (IIMB) hosted the XVI International Conference on Public Policy and Management, from August 23 to August 25, 2021. Due to the current situation brought about by the pandemic, the conference was held online. The conference was inaugurated by Dr. Mahesh Rangarajan, Vice Chancellor, Krea University. A special lecture on Federalism was delivered by Dr. P.T.R. Thiagarajan, Finance Minister, Government of Tamil Nadu. Dr. Jean Drèze, Visiting Professor at Ranchi University and Honorary Professor at the Delhi School of Economics, delivered the Valedictory Address.

Welcome & Inaugural Speech by

Dr. Mahesh Rangarajan

Vice Chancellor, Krea University

Director Professor Krishnan, Professor Sriram, Professor Mukherji and distinguished guests, scholars and students.

It is a great privilege to be here today. There are few issues that are perhaps more significant today than public policy in a country and society such as India. And within that context, cooperatives have a very particular role because of the unique character of India, both as a quality and a society, and one may wish to add, as an economy. India has been a democracy since 1952 when we had the first general election. It has been independent since 1947. It is today one of world's very important countries in terms of the size of its economy, but I think something one tends to miss out is what makes India somewhat unique, whether one looks at it in the category of BRICS – Brazil, Russia, India, China, South Africa – or one looks at India among the world's largest ten economies or even if one looks at India in terms of being one of the two most populous societies alongside China. It is that India is a democracy where all adults have the right to vote and there have been elections since 1952 on a regular basis except on one occasion and even at that time the delay was just for about a year. The second is that India is a democracy which is still largely rural. About 65% of the people live in rural areas, a contrast to erstwhile colonized nations such as South Africa or Brazil which are 70% urban. And for that matter with China in which, for the first time in history, over half the population now lives in towns and cities. But the other is perhaps more relevant, which is that these people like all people are consumers, but they are also producers. The latest figures probably would indicate that around 42% of the labor force is directly or indirectly engaged in agriculture. This figure is significantly less than what it used to be in 1970 or 71, when it used be closer to 75% and definitely it is a very different figure from the time of independence when it was well over 85%.

But that is still a very large number of people. There is enough information on land holdings to show that 80% of the holdings are below one or two hectares, if one also factors in that 45% of India is semi-arid or arid. We then have a very large number of producers who are marginal or small. So, their land holdings may be greater than two hectares, but they may be practising rainfed irrigation. Their land holding may be smaller than two hectares. They may be in an area with reliable tube well or canal irrigation, but we are living in a world where there is another very important factor to keep in mind which affects all countries but has very particular implications for a socio-economic ecological fabric such as India. Reference has been made to the context in which we are meeting and one has to add the pandemic. I

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have been through a lot of the writing. From friends, in Marathi language and of course in Hindi press that when the pandemic broke out last year, for a few months some of the cooperatives in western India stopped taking milk supplies from the nomadic herders. This was written about by Dr. Nithya Sambamurthi Ghoge who for over 30 years worked in the Deccan as a vet but also worked a lot with nomadic pastoralists and shepherds, on their very particular kinds of dilemmas and challenges in the health aspect of animals. What I want to emphasize is that these events – the pandemic is in one sense a modern event. There have been pandemics earlier but the speed with which the pandemic spread recently is not equaled by past pandemics. But it took much longer to spread back then. Today, due to enhanced interconnections between countries, a million people stepping on or off planes daily makes it easier to transport a dangerous virus from one country to another. And this has implications on human health as well as on well-being, particularly on production and exchange. And in a country like ours, a society like ours, a vast number depends both on production and exchange. So, this particularly historic feature of India makes many people more vulnerable to issues arising from that. One could say this with even more force, with something we have now become familiar with, which are extreme events. It is a very important term used by climatologists, and they go a step further. They call this extreme events. So, if you have a vast region such as India, all of which depends on the monsoon for most of its precipitation, let us say 90%, a small part of India, the south-east coast very close to where I am located, Sri City, Chittoor, gets the benefit of two monsoons. But it is not the change in the precipitation date of the monsoon. It is the way in which the rain actually falls from the sky. So, you have extreme dry spells and a lot of the precipitation coming down in say 24, 48 or 72 hours. This again means more vulnerability for producers. It also means more vulnerability for those who depend on the market for exchange. The reason that I think these need to be emphasized is that one cannot look at public policies, certainly of cooperatives, particularly of agriculture, of producers, or for that matter even of consumers, in a vacuum. We are living in a world which is more uncertain both because over the last 30 years, it has become much more integrated as a global market and also because these integrations have gone along with very significant ecological shifts which we are still in the process of understanding. They are unravelling before us, sometimes somewhat faster than anticipated and sometimes in ways that could not have been anticipated.

To get a sense of this, it may help to keep in mind that when we look at independent India's history, the Amul story really stands out. The year 1947 was of course a very important year, not only in India's history, but also in the history of the larger land mass of Asia as well as Africa. One tends to forget that the coming of independence to India was a significant event as the coming of independence in the United States in the 18th century or the great political transformation in China in 1949 or the liberation of Europe in 1945 by the Allied forces. The three most significant political leaders at the time in the state of Gujarat deserve special mention. Gujarat came into being in 1960 but there was of course a Gujarat Pradesh Congress Committee – and the three tallest leaders in a sense. There were others, but I want to mention three, one of whom was of course Sardar Vallabhbhai Patel, who had earned the name Sardar when working amongst the peasants of Bardoli and of Kheda. The second was Home Minister of the Bombay Presidency who would go on to become India's first non-Congress Prime Minister, Morarji Ranchhodji Bhai Desai, and the third was Tribhuvan Das Patel. When we acknowledge and celebrate the accomplishments of Dr. Varghese Kurien of the Amul story, we recall the very fine book on him by MV Kamath, '*Milkman from*

Anand'. Here, we must acknowledge the very important and pivotal partnership of the late Dr. Kurien with the late Tribhuvan Das *kaka*. There is a wonderful film on this, *Manthan*, which many of you might have seen. One of the very interesting features which emerges in the film *Manthan* is that: the initial attempt to create a cooperative fails because effectively, it is driven from the outside. In the closing scenes of the film, and this is the film also attempting to look at social change as positive, a young Dalit lad says, "*Hum apni society banayenge*" (we will make our own society).

But two-three things stand out in the Amul case and it is important to flag that. The cooperative movement in India has had remarkable successes. '*Finding the Middle Path*', certainly stands out as a great classic because it identifies when, how and why cooperatives can be set up and why they succeed. There are many reasons that they enumerate. Another place worth studying of course would be Kerala. To come back to Gujarat, there were three things which stand out from this case. When one looks at the late 1940s and early 50s, the world then, as now, was gripped by the question of who would win the race – India or China? And then, as now, India as a multi-party democracy was contrasted with China which went in for a one-party system.

But what stands out in the Amul case is that both Dr. Kurien and Tribhuvan Das *kaka* agreed that Amul would collect the produce from the producer, in this case milk from a buffalo. They would measure the fat in the milk. The payment would be on the basis of the fat content of the milk. This is very well shown in the film where the large intermediary who purchased the milk and skimmed off in a sense the profits is eliminated and the society emerges as a very strong force. The second very important point is that anyone with two buffalos, she buffalos, could become a member of the cooperative. And all of them, whether they had two, 20 or 400 she buffalos, would have only one vote. This is, I think, of enormous significance because it takes the principle of democracy – in this case one family one vote, or one person, one owner of livestock one vote, and puts it into practice in the economic. This was by no means the only such case where this was tried in India or South Asia, but it was very successful.

There are very many reasons why Amul worked. One could argue that Gujarat has certain highly specific features. It has historically, for over 2,000 years, had orientation towards trade across the oceans. It has had a very large degree of non-agrarian production. Not only has it had very important members of the mercantile classes and castes, so important in the industrialization of India today and have been since at least the 1860s if not before, but it also has many people from the agrarian communities engaging in trade and exchange. It is very significant that Tribhuvan Das *kaka* was from the Patel community and the early 20th century is the story of many of the 'patidars' coming together as a class and a group, asserting their political and economic rights under the banner of the Gandhian 'satyagrahas'. But this is in a sense taking the idea of satyagraha to a very different track and it is not a coincidence that the Amul story would be celebrated by successive Prime Ministers, even those with very different economic philosophies. One could for instance contrast the economic philosophy of Jawaharlal Nehru with that of Morarjibhai Desai and with several other incumbents in office. But the enduring success of Amul, the fact that at one stage, over half of the families in Gujarat were associated with Amul in one way or the other, is a very important indicator that cooperatives can and do succeed.

There is of course a larger story to this which one needs to bring into the picture, which is that the 50s and the 60s were somewhat difficult years for India. The industrialization advanced by leaps and bounds. This was a period of very large important projects which

had significant implications on agriculture, particularly by increasing the area of canal-irrigated land, helping to lay the foundation for the expansion of double, in some cases in Tamil Nadu triple crop land. Much of the base for the green revolution is actually the foundation that was laid in the late 50s and the early 60s, not only in terms of research but also very importantly in land consolidation in Punjab and in land reform that fits and starts in many parts of India. Historically, there has been a major contrast in India between areas which have different forms of land revenue. You have settlement. I have just over the last weekend been reading with great profit the autobiography of the great Amartya Sen and it is very striking that there is an entire chapter on when was young student at Shantiniketan. He comes quite face to face with rural poverty, misery and with the enormous resilience of the Bengal peasantry. In eastern India, the lands of the permanent settlement were very different from areas of the south with Rayatvari and there were different forms of peasant proprietorship also in western India. Not a coincidence, in Gujarat and Maharashtra, where cooperatives have had significant success are areas of peasant proprietorship including a very large number of middle peasantries who are neither among really large landowners or zamindars in the Punjabi parlance, where a zamindar simply means a large owner of land, nor are they extremely depressed, very poor peasantry. So, this middle stratum would become particularly important in Indian politics and society by the end of the 1960s. This would lead to major socio-political changes.

What I want to emphasize is that attempts at cooperatives were not restricted to the Amul model. One which has perhaps received a lot of attention in the environmental space is the Dasholi Gram Swarajya Mandal which was founded by the Gandhian Chandi Prasad Bhatt *ji*, who is very much alive and active. A few years ago, we had the occasion at Ashoka University to welcome him because he was donating his letters, papers, memoirs, diaries to our archive. He spoke in very simple Hindi and I must tell you when he finished, there was an absolute hush in the audience. Our then vice-chancellor said, "*Pehli baar, hamare Vishwa Vidyalaya mein ek sant aaya hain*" (It is the first time a person who has moral authority, has come).

But I want to emphasize the new very important work, '*The Chipko Movement: A People's History*' by Professor Shekhar Pathak which shows that in the 50s and 60s, both Chandi Prasad Bhatt and his then partner, Sundarlal Bahuguna *ji*, worked very hard on the issue of forest products, particularly timber and resin not being exploited directly by forest department contractors, but there being some sort of decentralized production and marketing in a cooperative world. So, the forest labor cooperative was to be very significant as something they attempted. They did not quite succeed and the Dasholi Gram Swarajya Mandal took a different form where, as the name indicates, they took the idea of Ram Swarajya, and took up lot of reforestation, processing, eventually of non-timber produce and it is still a very viable small organization.

It is important to note that unlike Amul, which took up milk, today milk is in value terms probably the most important commodity produced in rural India, this kind of attempt did not really succeed in the forest sector. Interestingly, and I bring Morarjibhai Desai back into the story – he is a somewhat neglected figure in Indian history, which is unfortunate because in the early 70s when it looked like his political career was going to be in trouble, they had lost the 71 elections, he wrote a two-volume autobiography, '*The Story of My Life*'. He was a Deputy Collector in Thane district, very close to Mumbai, and he found that the forest department had shut off access for the '*Adivasis*' to the reserved forest. He rescinded these orders because he felt that stopping people from entering the forest to extract fodder or firewood,

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would lead to political discontent. So, this was sort of an enlightened administrator. But the other part of him is very interesting. He attempted to facilitate the creation of forest labor cooperative so that those forest products, particularly non-timber products which were extracted from the forest by the gatherers, could be marketed in a manner where they would get a larger share of the benefits.

This attempt did not quite succeed but I think it is very significant that at this very early stage, we find an engagement of sensitive administrations, in this case he would discard the Civil Service, put on khadi, and become a very austere Gandhian which he remained to the end of his life. Now, the Dasholi Gram Swarajya Mandal is a very interesting instance because even today, some 23% of India's land area is controlled by the forest department and there is a major debate about how this land should be managed. Much of this debate becomes between those who want strict exclusion of all humans, restoration of the wilderness, and others who would like a devolution of this for the '*gram sabhas*' or to local village councils with some safeguards. What I think both these schools of thought, the wilderness school which places enormous faith in the forest department, and the devolution school which places enormous faith in the ability of the village community to cohere and protect these areas, miss out is that it may be possible, if there were to be cooperation at the local level to minimize the negative impact of market forces, not in the forest resource but on incomes of marginal cultivators and landless labor or of those who depend more on labor than production from the land for a living, to minimize their losses and maximize their gains by having more cooperative systems not only of marketing but also of credit.

This has been discussed most extensively with respect to a very important product of a tree till recently, called diospyros melanoxylon. It has been renamed. Nowadays, names of birds, reptiles, animals, plants keep going through renames because of DNA coding and this is the *tendu* or the *kendu* famously known as the leaf that makes governments fall, a very important leaf in many states such as Madhya Pradesh, Chhattisgarh, Maharashtra and Jharkhand. One of the features of *tendu patta* is that its rate continues to be enormously politically significant during assembly election time. It is perhaps as significant in Chhattisgarh as the rate that the government pays for rice or for other products produced by farmers.

One of the issues here is that the *tendu* leaf or the *beedi* which is collected is normally done by very poor '*Adivasi*' or marginal peasant women. While their rates have gone up, I think very few would argue that their economic condition and wherewithal have improved. Along with this is, as noted by many ecologists, a progressive degradation of many of these forests, partly because over the decades (and India had a forest department as long ago as 1864), there has been so little work done on the regeneration of this very important tree or plant. Many scholars and historians have long pointed out that there is far more work on teak, sal, shisham, chir pine and deodar – not a coincidence, these are hard woods – than on the *tendu*. So, the regeneration of the *tendu* along with the uplift. And I am struck by the fact that the Forest Rights Act passed in 2006, unusually unanimously passed in both houses of legislature, implemented in all the major states with '*Adivasi*' population with support from all the major political parties extending across the spectrum has done a lot in terms of individual rights. So, there are over two million people who have got recognition for their land in the forest.

What has not happened is that the community rights, which are provided for in the legislation, have been taken up in very few instances. There is a very important village in Maharashtra, Lehka Medna, which has received a lot of attention because

it has taken up bamboo marketing as well as regeneration. But the potential here therefore is quite significant and I want to emphasize the potential is true not only of forest resources, but also true for a range of others. One of my distinguished colleagues in the past, Dr. Divya Karnad, has won major awards as a marine biologist and works on the fisheries issues off the coast of Chennai. And very interesting work which shows that 90% of the catch by small fishers is discarded. These are known as trash fish, they are sold at very low rates. But possibly about 90%, which is a very large percentage, of this catch is marketable provided there are restaurants willing to take it up. One of the initiatives she has taken up, not as a researcher but as a citizen, is called in-season fishing. They have tied up with restaurants to pick up these fish, to devise nutritious plans, and tried to establish direct marketplace between groups of these small fishers and restaurants.

During the era since the 90s, the level of market integration of India with the world has grown by leaps and bounds. But it did not begin in 1991, it dates much earlier. The exposure of India to international currents of change also did not begin in 1990. The 1920s, which saw such an expansion of peasant protest under the colors of Congress nationalism, was also a period of rising incomes in many places because of the commodity price boom. And the Great Crash of 1929 led to enormous distress. You could in fact draw a parallel with the 2000s when the commodity price boom in the period roughly around 2003 to 2008-2009 played a very important role in economic transformations in India. Much of this incredible India story, economic growth rates of seven to eight percent was driven partly by this commodity boom, aided by the increase in the MSP and better market access. The crash in the international commodity prices, which not directly but overlapped partly with the financial crash of 2008, was to play a very important role in the later socio-economic and cultural transformations.

To come back to my point, something like in-season fish has enormous significance because along the coast of India, there are not less than eight million fishers. Fisher issues tend to be somewhat different from those of cultivators because fishers either fish in the open sea or close to the coast. And there have been these enormous set-piece battles between fishers and trawlers. Since the late 1970s, there is legislation stopping trawlers from operating very close to the coast. But the reverse to this is very crucial, that fish sales in most fisher societies are done not by men but by their women. And they can sell it by access to the market. But were they to have better access as producers, to people such as the restaurant owners or those who are aggregating fish sales, they would have a better deal.

Karnad, among others, has shown that many fishers on the west as well as the south-east coast have fairly sophisticated systems of protecting and retaining some levels of judicious use of the fishing grounds. I think this is of enormous significance because we do see fish and fisheries as very significant in upgrading nutritional levels just as we saw milk as potentially upgrading nutritional levels back in the 60s, 70s and 80s. This of course is a larger question and I want to end on a somewhat positive note. I began by looking at pandemics and extreme events and weather change and the downturn. But let me look at a very interesting upturn. One of the historical problems of producers was not to do with nature. The coming of floods, drought, a blight, insect attack or cattle moraines. It was also to do with the vagaries of the market. We are all aware of the impact of the jute price collapse in eastern Bengal, recently studied in a remarkable book by a scholar, Ali. He has written a remarkable book based on a doctrinal thesis which looks at the role of the jute price collapse in peasant unrest, which in this case led to the support for the Krishak Praja Parishad and eventually towards the partition in Bengal.

What I want to emphasize on is that, there are ways in which in today's world, one can again have a form of capitalism by which one can draw on the knowledge of the market and forces of the market in a way to minimize these downturns. We are living in a time, when someone provides food at your door and you can get supplies on an app. Someone provides you a haircut at home, you can get the supplies of the services through the app. You can hail a cab. You can order from various large marketing firms, some of which are owned by Indians, some now acquired by larger companies. It does make me wonder whether it may be possible for producers to aggregate and use the internet. To have apps which enable them to get vital data on their consumers and changing consumer preference. This might actually sound somewhat utopian but I am sure you will agree with me that it would be possible for the cooperative movement or the cooperative initiatives to draw not just on the internet as a source of information about prices but also to expand their own leverage by reaching these consumers and being able to do very targeted forms of marketing.

This could extend not only to producers or consumers but to those who provide services. I go back to my friend, the vet who in the 1990s, when they began a very simple service of informing the Dhangars and other such communities that it is time to inoculate their cattle or it is time for a check, they were using something which we would today regard as extremely primitive, and for which they would charge one or two rupees per message. It might be possible today to do it far more efficiently. So, imagine if you had a team of vets doing this over a vast part of India where the animal is a very important source of supplementary – I am not suggesting primary income. So, both in terms of produced goods and in terms of the professional services, it may be possible now to actually expand and reach manifold, and the ability of producers to protect themselves. What are the features that this capitalism from below would require? One, if there is to be cooperation and I use the term capitalism in the Braudelian sense, I am not looking at labor and capital but as markets, as conveyors of information, as places of transaction historically. This point goes back to Adam Smith. The market is also a place which brings people of different cultures, different faiths, different languages, different persuasions together for the greater common good. But as Smith himself argued in the theory of moral sentence, the greater common good may require strong measures to protect those who may simply be swept aside. So, what are the ways in which one can devise and think of those methods?

Would it be only about production of goods and their marketing? Would it extend to services? Or would the focus ever extend to this all-important element which remains so elusive that it is deprived of the due credit? I do not really have the answers to these questions. I do want to emphasize that if one looks at the debate in India on the eve of independence, and I go back to a province which has been written about and researched on extensively, the Punjab. There were at least two very important schools of thought in the Civil Services and in some sense these two schools of thought persist to this day. One was that of a Civil Servant, not very well known outside of Punjab called Brayne. Frank Lugard Brayne wrote a remarkable book called, '*Socrates in an Indian Village*' and Brayne believed that the only way rural India, the Punjab would be modernized was through stern force. So, he tried to transform sanitary habits, agriculture, and rural life through his very stern, deeply knowledgeable sort of rural dictatorship. Brayne is neither celebrated nor remembered today. But the other more significant person was Malcolm. Malcolm in 1946 undertook horse riding across the Punjab in the Lawrence tradition and he wrote about his experiences in talking to the peasants. He was quite dismayed that they were waiting for the end of the Raj because he saw it as positive. But Malcolm had a very important role along with his

close collaboration with the Unionist Party of Punjab in facilitating cooperation. This was cooperation for credit, cooperation of producers. By Punjab I am referring both to the parts of Punjab which went to Pakistan and the areas that today form the modern Indian states of Punjab and Haryana. And cooperation was championed not only by Malcolm but also by Sir Chhotu Ram. The agricultural produce marketing committees which have recently been so much in the midst of news actually date back to 1937 and little earlier, and they were pioneered by Sir Chhotu Ram. Now, the critical point about each of these initiatives is that they tried to create some sort of buffer against the forces in the market and this choice between the Brayne way, where you drive change hard through measures from above, has historically been pitted against the Malcolm tradition which sees cooperation in this case of prosperous and better off peasantry as the king because the cooperation could be voluntary, it could be based on a fairly active support and assistance from the state, for instance public legislation and it would enable the expansion of new forms of production and varieties. In this case, quite early on, one should keep in mind better forms and varieties of grain which could occur. So this leads to a very interesting question which is that when we look at the agricultural producer rather than see them as a peasant mired in debt, if we begin to see them as active economic actors, as aware of the winds of change as anyone in this room who might trade in stocks and shares directly or through mutual funds, they are as aware of the impact of the change in dollar rate on coffee production or the implications of a pest attack in some distant country on their own commodity which they produce. So, if one were to do this, what are the kinds of changes that might be required?

One question is: can the government's relationship with cooperatives change for the better rather than be one which overregulates? Can it be one which enables and facilitates? Here, it is very interesting in a political sense. There is a broad concord that this is a very good idea. When you get into the how, why, when and where, there are bound to be differences. At this stage, I must confess as a student of history, we are very good at studying the past, we are not very good at, using Charles Correa's words, "rearranging the furniture" because predictions of the future are not our business. If we do it, we do it as citizens but as students and as scholars, this is where our role ends. So, I very much look forward to the proceedings of your conference. I regret I will be mired in all sorts of committee meetings and all the things that go into working in a university. But the issues that are being debated, of the changing role of the cooperatives within the larger framework, public policy, this conversation could not have come at a better time. It could not be at a more exciting time, it could not be at a more critical time. The future is uncertain, the past is never a guide. We cannot study the past to know what to do in the future, but it can definitely give us a far better idea of what to prepare for.

So, with those words, I would like to end, and I am open to questions and comments, because I am sure I have much more to learn, given the level of awareness, of deep engagement with these issues of all the very distinguished scholars and practitioners in this room. So once again, thank you IIM Bangalore, thank you Centre for Public Policy.

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About the speaker

Dr. Mahesh Rangarajan has a Master of Arts and a DPhil, both from Oxford University, where he was a Rhodes Scholar (1986-89). He has a BA in History with Honors from Hindu College, Delhi University. His wide experience in academia includes faculty positions as Professor of Modern Indian History at the University of Delhi and as Professor of History and Environmental Studies at Ashoka University, where he previously served as the Dean of Academic Affairs. He has also taught at Cornell University, Indian Institute of Science and National Centre for Biological Sciences. His first book, '*Fencing the Forest*' was published in 1996 and the most recent, '*Nature and Nation*', in 2015. His co-edited works include '*India's Environmental History*' and '*At Nature's Edge*'. Having started his career as a journalist, he has also served in roles in academia, including as the Director of the Nehru Memorial Museum and Library, New Delhi, a premier centre for research and archival holdings as well as a museum. In 2021, he became only the fourth Indian to be elected Honorary Foreign Member of the American Historical Association.

Special Lecture by

Dr. P. T. R. Thiagarajan

Minister of Finance,
Government of Tamil Nadu

First of all, thank you for inviting me and for the kind introduction. I have talked a lot about federalism in a lot of places with GST and so forth, so I do not want to repeat the same concepts here. What I thought would be really helpful since I am speaking to people at a management institution is, to talk a little bit about the complexity of administering public policy and administering a government. What we have learnt from recent experiences both in India and around the world, and why I think we actually need a lot more professionalism, and a lot more investment in the basic concepts of administration, at the country and state levels.

Let me start with a premise. When I came as an opposition MLA, I assumed two things in 2016. One: that the complexity of governance would be a lot higher than what I had done in banking, where I had served in very senior positions in large banks, though the quantity of money would be a lot smaller just because we are a rupee country and a developing country. I had been trading in hundreds of billions of dollars in the money markets back in 2001 at Lehman and overseen a 170-billion-plus balance sheet as the Global Head of Money Markets at Standard Chartered in 2011, 2012, 2013, something like that. So, I expected that while the money would be a lot smaller, the complexity would be a lot higher.

But I also made the assumption that if you were in government, you had a lot more support, a lot more infrastructure and a lot more data than you had in opposition - and so it was just that we were outside the system, and we did not have it. And I assumed that one day, if I sat inside the system like I did as the Managing Director at the bank, all the platforms would be there, all the data would be there and the concept of institutional knowledge or memory or continuity was something I took for granted.

I would say the biggest shock I have had after coming to office as a minister in the last three months and a few days is - that is simply not true. The saddest part of administration as best as I can tell is that we simply do not have that kind of infrastructure. We do not have the institutional memory. We do not have the institutional knowledge and we do not have the continuity that a simple, small business would have built into it.

Let me explain what I meant by that. Of course, the democratic model is that every five years or some period in different countries, you have elections and the government changes. But we assumed that the bureaucrats and the rest of the government employees offer some kind of continuity and therefore politicians may come and go. Of course, there is a learning curve to being a first-time minister, but you know there is always a trade-off that

generally, the older the hand, the more they are well versed in a kind of rent seeking and other behaviors also. In a place like Tamil Nadu especially, every five years, you had the change of this party, that party, this party, that party with a few exceptions over the last 50 years. And so, the trade-off you get from having this kind of discontinuity in administrative experience is offset by having discontinuity in kind of other behaviors that are not good for society, and therefore your net result was that the politicians come and go but then the system is the system.

In fact, that is not true. After coming to office, I was appalled to find that we have two huge gaping holes, and the first gaping hole is this lack of institutional knowledge or institutional memory because really, you should see all government servants, government staff, as two different levels. One type is the IAS cadre, both exam-written IAS and the deemed IAS, who are the ones who are mostly in direct contact with the ministers. And then the second is that in the case of Tamil Nadu, they come from the Tamil Nadu Public Service Commission or through direct hiring and so forth, and that goes all the way from cleaners and office assistants all the way up to deemed IAS officers who can take the same jobs as exam-written IAS officers.

The problem is that the continuity and the institutionalization only happen below the IAS level in the government. Those are the people who are hired into one department and then very often spend their whole careers in that department because as you know, in the IAS level, they rotate all the time. So, it is very rare to find an IAS officer who has been in a seat more than two-three years continuously, and if I were to take a department, it is very rare to find an IAS officer who has been, say, ten years in one department in the course of her/his career through multiple rotations. And of course, the ministers keep changing too. So, if you really think about it, there is no continuity – of course, you know, the workaround for this is to have such fantastic data systems, filing systems and record-keeping, that people can walk into office and learn all the issues within a few months. In fact, that does not exist either.

So, if you take the combined effect of not having good memory systems, good databases – there is no such thing as a dashboard – I cannot understand anything about my department from a computer screen. I have to ask some secretary and they have to write some note and then they have to send me some paper. Sometimes they may know, sometimes they may have come into the job two months before. Of the top seven or eight officers in my department, for example, in finance, I think two of them are more than six months or one year old and the rest have rotated in recently.

The irony of this is that regime change also results in IAS officer change because of perceived or real nexus between IAS officers and political operators of different parties. So, the net result is you have a system that is continuously in flux of the human beings, and most of the people that you, as a minister, can speak to are not people of great depth in that department. Certainly not of continuity for 10, 15, 20 years to have developed institutional memory. So, the lack of both human continuity and lack of infrastructure really becomes a debilitating factor and introduces huge complexity in the administration of the government or in the implementation of public policy.

Now, some of this is supposed to be offset in the nature of our constitutional model. Some of this is supposed to be offset by the fact that we have a legislature that has a clear role and that role as envisioned in the constitution goes from basic roles such as standing committees that will address the issues. Let us say in Parliament from vetting of bills to internal communication, and then dissection of laws and proposed laws

and so forth, in functional committees. For example, the reason I am a bit rushed today, I have just participated in a training session for all the new MLAs in Tamil Nadu where the topic given to me was to talk about the finance-related committees which in Tamil Nadu are the Estimates Committee or a forward-looking committee that tries to help the government frame the estimates for the budget for next year; Public Sector Undertakings Committee which is a kind of real-time committee which helps with the administration of public sector undertakings including in electricity, transport, water, etc. And then the Public Accounts Committee which is a backward-looking committee which looks at the reports from the CAG about those things that went wrong and tries to analyze how they went wrong, why they went wrong, who should be held accountable and most importantly, how to prevent these from occurring again in the future.

So, in the original design of the Constitution, there was a clear role for the legislature and this role included all the way from actual legislation support, the creating of bills and laws to administrative support through such committees and through kind of a, so to speak, sometimes enabling, sometimes holding-accountable, role for the elected legislature. Now, already in a system like ours, there is a very close nexus because the government is formed by the party that has the highest number of legislators. So, at some level, the legislature has already got a bias towards the administration by the nature of the democratic model we have. But at another level, if their roles were truly as envisioned by the constitution, then they add significant value in public policy origination and administration.

Part of the problem of complexity is also the proliferation of institutions, agencies, boards, and Public Sector Undertakings. Politicians like to be remembered. Politicians want to leave their mark. And one of the easiest ways to do that is to come and create a special purpose vehicle for a special need. For example, in Tamil Nadu we have many different Government housing development corporations. But this increases the sheer volume of entities to be administered, entities to be overseen. And the proliferation also affects your administration because if you take Tamil Nadu, for example, we went from something like 200-plus IAS officers about 10-15 years ago to 300-plus IAS officers as of today. But if you look at the entities, there are probably hundreds of entities. There are tens of districts, and is always the pressure to increase the number of districts, to increase the kind of number of talukas and all that stuff. So, you are perpetually expanding the scale of the organization and you are not actually keeping up with the number of management people or staff or the overhead that you use to manage these things.

So, the net result of all of this, I must say the worst-case outcome is what we often see, is that the lack of adequate infrastructure, the lack of adequate management capability, the lack of adequate sophistication, continuity, institutional memory, and institutional knowledge result in effectively what I would call a failure of governance. And by failure of governance, I mean you are not able to achieve the things you really ought to achieve. You are not able to achieve the real, profound, fundamental things you ought to achieve, which are to improve the people's quality of life, improve the infrastructure and keep up, let us say, the government's role as a function of GDP or GSDP and ensure outcomes; you ensure there is inclusive growth. That everybody gets to participate in the growth.

So, what happens is that we end up with relatively poor outcomes – it becomes clear that most of the administration, most of the elected officials who got to sit as ministers were also not particularly well equipped to do this. Then you end up with this combined bad outcome of poor performance with poor or no explanation to the people. In fact, I have commented elsewhere that one of the things

I have been startled by after coming to public life is that there is very little correlation, at least as far as I can see, between the attributes, the skills, the standing in society required to be eligible to get a seat as a candidate of a major party in an election and win that election. Between those skills and attributes, and what is required to actually be a good administrator, there is very little overlap between these two things. That is true even at the level of an MLA. There is very little overlap in my understanding between being a good legislator and being a good candidate or being a candidate worthy enough of getting a seat. Now elevate that mismatch to a minister-level, and you have a worse problem.

The consequences of poor outcomes mapped to poor explanations are what causes a lot of resentment in society because people feel that they are excluded from the growth process, and they feel that ***only they*** are excluded. They do not realize that most people are excluded, and it is a general failure. Everybody only has their own narrow point of view. Of course, they realize that some people are benefitted hugely, whether it is the plutocrats or the oligarchs - as mentioned by one of our advisors Raghuram Rajan who wrote a book many years ago with his fellow professor from Chicago, Luigi Zingales, '*Saving Capitalism from the Capitalists*'. So, what happens is that a few capitalists get really successful and then they figure out how to draw the bridge up and keep the moat around through lobbying, through the influence of a particular process and it is no longer a level-playing field, it is no longer an open market. You get so big that not only are you too big to fail but you are too big to be competed against. You can control the system and make it no longer a level-playing field, it is now skewed, and the playing field is tilted the wrong way.

So, there is a visible outcome and there is a personal perception of a lack of progress or a lack of outcome, and this is combined with no explanation of why and how this loss came about because nobody goes out and says I tried to achieve this goal and it did not happen because of this or that reason. Now you have all the kind of ingredients for a whole bunch of people to feel alienated and somehow feel that they have been cheated out of something. It is a developing country's nightmare but it is also not uncommon to developed countries because if you look around the world today for the last, maybe five, 10, 15 years, what you see is an increase in the kind of anti-science, anti-intellectualism kind of right-wing populism, sometimes violent, sometimes irrational. The anti-vaccine kind of crusade - the tea party kind. The US has very trenchant expressions and one of those is: *The people are so angry that the answer is no. Now what is the question*? So, you end up with that kind of alienation or that kind of negative outcome and you can see this all over the world. We have seen this in the US, we have seen this in the UK, the Brexit and the full realization of the consequences whereas the vote was more because of resentment. We have seen it in Europe, we are seeing it in a lot of places in India.

So, I think we have this crisis – because of this mismatch. What it takes to administer effectively a system of the complexity that we have is much, much better infrastructure than we have. Much better quantitative kind of systems, continuity, staffing and delegation of responsibility across all the levels of administration of government - from the union to the states to the districts to the cities, panchayats and the villages, etc. And since that is a really hard thing to do, it is a lot easier for most politicians to do the easy thing which is to be populist. Either populist in arousing emotion and making voting based on that, or populist in terms of announcing freebies or announcing schemes or pandering at the time of elections and say: *I give you this plus that plus that plus that*. So those are the direct outcomes of a lack of actual governance, of a lack of actual progress.

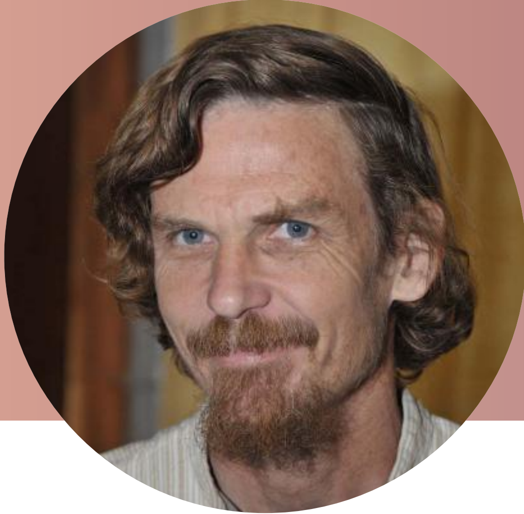
So, I think we are now at a situation where we really have to question: why is it that the rest of the world understands these things clearly? All of you at IIM Bangalore or of any leading academic institution or indeed of any academic institution understand that there is a concept of complexity, that there are established notions of things like organizational design, accountability, alignment of incentives, infrastructure, data, analytics, etc., and so little of that is used in government and so little of that is used in policy administration that we are doomed to fail. I mean, why we fail is not rocket science. We do not do the things we are supposed to do. And there is a clear solution. How do you fix this? You do what you are supposed to do, you do what decades of advancement in science and administrative policy and management science and data and infrastructure and all these things have taught us.

Then the question is, how easy is it to do that? What are the nature forces aligned against these kinds of improvements, and how do you overcome those forces, and I think that is really going to be the key, right? Because not trying to do is what guarantees failure as an outcome - and repeatedly so. You have to do the right kind of appeasement or the right kind of arousing of spirits, and obviously of negative spirits, of a lot of divisive spirits. It is much harder to stand in elections and ask for votes based on: this is what I have achieved for you, this is how much your life has improved. This is how much you should measure me from where to where. And that requires a fundamental change. So, I think with that, I would probably conclude my remarks and I would be happy to take questions, which is probably more likely to suit your needs than anything more I might add.

Thank you.

About the speaker

Dr. Palanivel Thiagarajan is the MLA for Madurai Central Constituency in the 15th & 16th Legislative Assemblies of Tamil Nadu. He currently serves as the Minister for Finance & Human Resources Management in the Tamil Nadu Government. In June 2017, he was appointed as the (founding) Secretary of the newly-formed IT wing of the DMK. In that capacity, he has undertaken the build-out of the party's technology platforms and a cadre of over 1,50,000 Office Bearers across the state. He is also a designated spokesperson for the party, generally focusing on Economic, Budget & State/Central Finances, and Policy matters. Dr. Thiagarajan previously worked as an International Investment Banker for many years, in several trading, market sales, and management roles at Lehman Brothers (largely in New York), and Standard Chartered Bank (mostly based in Singapore) – where he last served as Senior Managing Director, Financial Markets, overseeing the sales of fixed-income products globally. Prior to banking, his career spanned Academia, Agriculture, Consulting, Manufacturing, and Research. He earned a B Tech (Hons.) in Chemical Engineering from NIT, Trichy, MS (Operations Research) and PhD (Human Factors Engineering/Engineering Psychology) from the State University of New York, and an MBA (Finance) from the MIT Sloan School of Management.



Valedictory Address by

Dr. Jean Drèze

Visiting Professor at Ranchi University and Honorary Professor at the Delhi School of Economics

Friends, thank you very much for inviting me to participate in this wonderful conference. I have not been able to watch the proceedings so far, but I did look at some of the papers that were presented and learnt much from them.

Let me begin with a simple question: Why do some ideas flourish while others fall into oblivion? And why are some thinkers better remembered than others? In academia, the presumption seems to be that sound ideas flourish and others perish. So, we do not need to scout history for forgotten thinkers. And if you read the so-called classics like Adam Smith, John Stuart Mill, Mahatma Gandhi and others, then you are fine. That is one way of looking at our selective memory of ideas and thinkers. But I believe that there is more to it. Another plausible line of reasoning is that ideas that suit the privileged and powerful tend to flourish while those that are inconvenient to them tend to be forgotten. The reason is not difficult to understand. It is the privileged and powerful who have the resources to fund conferences, award prizes, fund university chairs, organize memorial lectures, convene panel discussions and generally promote the ideas that appeal to them.

This is a fairly obvious hypothesis and it should appeal to economists because it is based on economic reasoning, but to the best of my knowledge, it has not attracted much attention. One place where it is clearly stated is the Communist Manifesto, where Marx and Engels wrote that: "The ruling ideas of each age have ever been the ideas of the ruling class". That is an extreme form of the point I am making, and I am not going to that extreme. I am making a more modest statement that ideas have a better chance to survive, and thinkers have a better chance of being remembered if they serve powerful interests.

One can give many examples to illustrate this point. I will just mention one or two very quickly. One interesting example is how Dr. Ambedkar nearly became a forgotten thinker. I am mentioning Dr. Ambedkar partly because today we have lost a great Ambedkar scholar, Dr. Gail Omvedt, and had it not been for her work and that of other scholars including many Dalit scholars who helped to revive our intellectual memory, it is possible that Dr. Ambedkar would be forgotten today, not by the public but by India's intellectual elite. Of course, there has been a lot of revival of interest in Dr. Ambedkar's ideas in the last twenty years, partly under the influence of these scholars, but if you go back beyond that, around the end of the 20th century, very few people among leading Indian intellectuals wrote or talked about Dr. Ambedkar. I came to India in 1979, and between that time and 2002,

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when I moved to Allahabad and stumbled on Dr. Ambedkar's book, '*The Annihilation of Caste*', nobody ever told me that he was an important thinker or an author we should be reading. If you want a more objective indicator, you can look at the name indexes of history books that were published at that time. Quite often, he was just mentioned in passing if at all. What was the reason for this amnesia? Well, could it be that Dr. Ambedkar said and wrote things that the ruling castes and classes of India did not particularly want to hear? Indeed, he did. For instance, he not only called for the annihilation of the caste system but also argued that if you want to annihilate caste, you may have to junk some of the Hindu scriptures. This is not the sort of ideas that a mainstream publisher would want to turn into a best-seller. Indeed, Dr. Ambedkar had to publish that book at his own expense.

Let me mention another example of selective intellectual memory and lopsided ideas, closer to the theme of this conference. In economics, the virtues of competition, and of market competition in particular, are praised to no end but cooperation receives very little attention. In fact, you can easily do a PhD in economics without ever hearing the word cooperation. There are, of course, specialized branches of economics where cooperation receives attention, such as cooperative game theory and the literature of economic cooperatives, but most students of economics will not hear of them. What is the reason for this blind spot? Is it that competition is somehow more important than cooperation in economic and social life? I doubt it. More likely, the virtues of competition receive exaggerated attention because they appeal to people in positions of power and influence. Indeed, they are the winners in the competition, so naturally, the idea that competition is a good thing must be music to their ears.

It is perhaps for a similar reason that self-interest is often praised in economics, to the extent of being confused with rationality, when in fact self-interest and rationality have nothing to do with each other. By the way, Dr. Verghese Kurien, the pioneer of Indian milk cooperatives who is being remembered on the occasion of his birth centenary, apparently hated economists. According to Tushaar Shah's obituary of Dr. Kurien, written about 10 years ago, here is what Dr. Kurien said in his keynote address to the Indian Society of Agricultural Economics in Pune in 1984: "May your tribe perish. You are never there where the action is. You come after the event and glibly find fault. If I am born again, I will become an economist so that others do all the work while all I do is criticize." These are harsh words but apparently Dr. Kurien got a standing ovation for them. Hopefully, things have improved since 1984.

None of this is to deny that competition works wonders for some purposes. But the idea that competition is the general fountain of human progress does not stand much scrutiny. In fact, many of the best things in life build on some form of cooperation or public action more than on competition. If you want a choice between 100 different types of cars, market competition may serve you quite well. But if you want good public transport or healthcare or quality education or a sound environment or a fair justice system or a functioning democracy or almost anything that really makes a big difference in the quality of life, market competition will not take you very far.

In all these fields, some form of public action or cooperation is essential. And if you think of it, even when you drive a car, you depend on public authorities to ensure safety standards, pollution norms, traffic control, etc. and the help of an ambulance if you have an accident. Now, public action is not the same thing as cooperation, but many forms of public action do have a strong cooperative element, and cooperation is the basis of many important social institutions, starting with the family. Some of the most valuable activities in life,

like bringing up children, happen within the family in a cooperative mode.

Beyond the family, many other institutions build on cooperation more than competition. Examples include sports clubs, university departments, religious associations, trade unions, political parties and of course, economic cooperatives. In many of these institutions, competition also plays a role. For instance, when people play football in a sports club, the two teams compete with each other but they also cooperate in observing the rules of the game. This illustrates the fact that competition and cooperation are not necessarily opposed to each other. There is a time and place for both. The point I am making is that we tend to overvalue competition and underrate cooperation, at least in economics.

Following on this, we need to pay more attention to the scope for fostering cooperation in economic and social life. If we are able to expand the realm of cooperation in society, it could really help to make the world a better place. Just to mention one simple example, think of what India would be like if parents, teachers and administrators cooperated to ensure the best possible education for all the country's children. Our schools would be transformed. Given the wide-ranging personal and social roles of elementary education, this would also change the country and people's lives. A similar point applies to the healthcare system.

Now, if we want to foster cooperation in economic and social life, we need to think of what makes cooperation difficult. One major obstacle is inequality and conflict. That includes economic inequality and class conflict, but in India, it also includes caste conflict. The fact that the caste system stands in the way of cooperation and solidarity was well discussed by Dr. Ambedkar in '*The Annihilation of Caste*', where he wrote that "caste has killed public spirit". Going back to the example of schooling, it would obviously be easier for parents and teachers to work together if they were not divided along caste lines. How are Dalit children supposed to learn in school when they are taught by an upper caste teacher who has no particular empathy for them? That, of course, may not be the general situation, but I am not inventing a problem. In the schooling surveys that we have been doing from the 1990s onwards, at the time for the PROBE report and more recently in the context of the Covid crisis, we have often observed the continuing influence of the upper caste view that it was not important for children of the lower orders to be educated. Very recently, in one village of Jharkhand where most children belong to Dalit families but the local teacher is from a privileged caste, some members of the teacher's family even told us quite openly that: "If these children study, who is going to work in our fields and in our homes?" In that environment, it is not surprising that we are making little progress towards universal quality education.

This is not to say that solidarity and cooperation are generally lacking in India. There are many important manifestations of solidarity and cooperation, but very often, they happen within the caste of community. One example of this is block voting on caste lines. Block voting is not necessarily a bad idea, because an individual voter has virtually zero weight in the vote count. So, an individual vote makes no difference. That is why it makes sense for groups of people to vote as a block, so that their votes actually matter. And in India, this takes the form of block voting on caste lines simply because caste is the traditional unit of solidarity.

There is a very interesting anecdote in Sujatha Gidla's book, '*Ants Among Elephants: An Untouchable Family and the Making of Modern India*', which conveys how solidarity in India typically happens within the caste or community. Sharing her memories of childhood in a Dalit Christian family of Tamil Nadu, Gidla recalls how the village was

flooded one day after a severe storm. Many people were helping each other and opening their homes for the flood-affected families, but only within their own caste. And because the Dalit families had no refuge to offer to each other, they were left high and dry. Or rather high and wet, because they were soaked to the bone. They had to take refuge in the local school, where they shivered and starved for three days, with noone helping them.

The debilitating effects of the caste system on social solidarity can also be seen from the fact that casteless societies in India, and there are some, tend to have a stronger tradition of cooperation. The '*Adivasi*' communities of eastern India, for instance, have remarkable institutions of cooperation and mutual aid. Indeed, mutual aid is the method they routinely adopt or at least used to adopt for a wide range of activities, such as building a house, clearing the forest, transplanting rice, celebrating festivals, organizing marriages, resolving disputes, local self-government or for that matter, public protests. We have much to learn from this rich tradition of mutual aid among '*Adivasis*' and also among other practitioners of egalitarian counter-culture in India.

By way of conclusion, let me just reiterate the need to expand the boundaries of cooperation in social life. In fact, this is becoming a matter of survival. We have reached a point, perhaps for the first time in history, where there is a real danger that the human race will self-destroy relatively soon or perhaps go back to the middle ages. Nuclear war, climate change, genetic engineering, pandemics and a worldwide economic crash are just five examples of possible ways in which this could happen. Averting these dangers requires worldwide cooperation, not only on a case-by-case basis, but also as a matter of routine. To say that cooperation is the wave of the future may sound like wishful thinking but, failing that there may be no future at all.

Thank you.

About the speaker

Dr. Jean Drèze studied Mathematical Economics at the University of Essex and did his PhD at the Indian Statistical Institute, New Delhi. He has taught at the London School of Economics and the Delhi School of Economics, and is currently Visiting Professor at Ranchi University as well as Honorary Professor at the Delhi School of Economics. He has made wide-ranging contributions to Development Economics and Public Policy, with special reference to India. His research interests include rural development, social inequality, elementary education, child nutrition, healthcare and food security. He is co-author (with Amartya Sen) of '*Hunger and Public Action*' (Oxford University Press, 1989) and '*An Uncertain Glory: India and its Contradictions*' (Penguin, 2013), and also one of the co-authors of the Public Report on Basic Education in India, also known as PROBE Report. His latest book is '*Sense and Solidarity: Jholawala Economics for Everyone*'.

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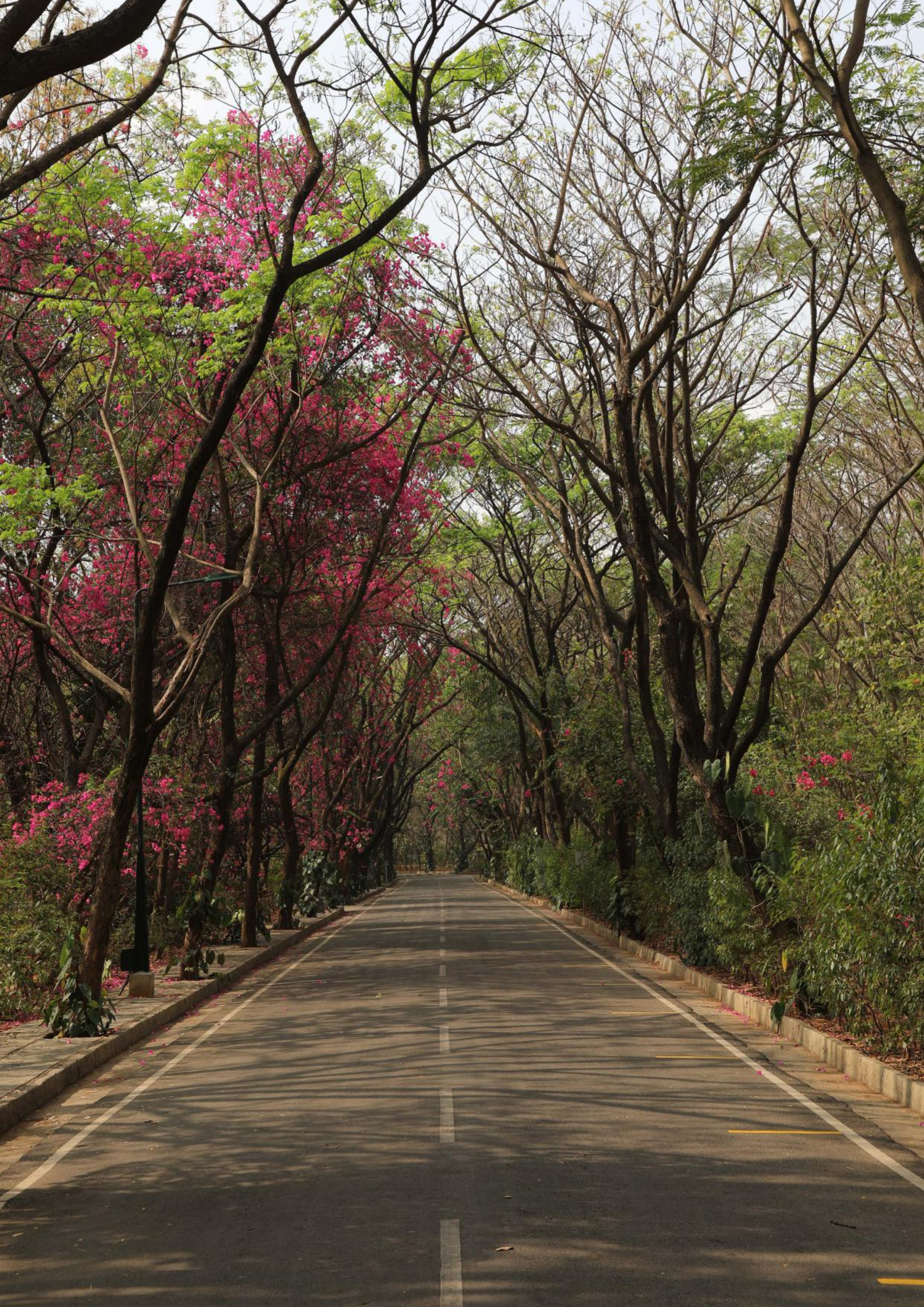

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