THE TAKSHASHILA INSTITUTION
GRADUATE CERTIFICATE IN PUBLIC POLICY PROGRAMME

January-April 2012

FINAL EXAMINATION

Background

A new Prime Minister has taken office after winning a slim majority in the Lok Sabha on a reformist agenda. She is genuinely popular among the public for being honest, incorruptible, visionary and for being a good administrator. She, however, faces internal opposition from the old guard of her party and its more extremist supporters who are partly opposed to her personally, and partly opposed to her reformist agenda.

She personally believes that good policy is necessary to achieve good results. A few days after assuming office, one of her old friends, who she respects for his non-partisan views, recommended you as a promising person with a good grasp of policy analysis, economic reasoning and approaches to India's key development challenges. What she heard piqued her interest and she decided to approach you to address an important challenge she intends to take up.

You have been asked to design a policy to support the country's needy. She knows the slate of economic reforms she has in mind will make people richer over time but in a country as large, diverse and uneven as India, there are and will be people who will not be able to benefit from economic growth. The new Prime Minister feels both a personal and political need to ensure that India is a place where even the poor have adequate amounts of basic necessities of life.

She has seen how the strategies of the 60s & 70s were counterproductive; the '90s created prosperity for those who had land, capital and knowledge and how the large-scale spending in the 2000s have created risks to continued development. She has studied school voucher programmes, she thinks conditional cash transfers hold some promise and has been quite intrigued by the idea of unconditional cash transfers.

Parameters

These are some of the parameters she has outlined for you:
1. You cannot increase direct or indirect taxes.
2. You can review, re-prioritise or overhaul the entire expenditure that the government allocates for development. Incidentally, she wants you to tell her how much is the Government of India actually spending on development, and what fraction of it is purely administrative expenditure.
3. You can start or close down ministries, departments, programmes and projects, provided you can recommend how to manage such initiatives.

4. You can revisit regulations, for instance, those concerning property rights, ease of setting up and closing businesses, educational institutions, healthcare, labour, power, water, environment and so on.

Considerations
Some of the questions that are in her mind:

How would you use the budget to serve the purpose of providing support for the needy? How would you define the needy? Who would you target? How would you determine that the targets can be identified without incurring huge administrative costs, corruption & creating dubious political economies?

How will the proposal work within India's federal structure?

How would you ensure that the spending does not create undesirable unintended consequences? What might be the possible undesirable unintended consequences? How might they be mitigated?

How would reforms be sequenced? How can this reform be communicated to the public? Who might be its supporters and opponents? How can the supporters be made to vocally support it? How can the opponents be persuaded or tackled?

Requirements

The Prime Minister wants you to prepare the following and submit to her office **by 11:59pm, April 8th 2012**

1. A memo for her, not exceeding one A4 page (minimum font size 12, minimum line-height 1.5) on your policy proposal.

2. A detailed policy paper for her cabinet secretary to be discussed by the Committee of Secretaries of the Government of India. This may not exceed fifteen A4 size pages (font size 12, line-height 1.5).

3. A 140 character message that can be tweeted by her office.

(All of the above should be in a single document in PDF or Microsoft Word format and emailed to admin@takshashila.org.in)