



The clean-up begins

But will the RBI's move for insolvency proceedings against borrowers succeed?

Armed with the powers, a little over a month ago, to get lenders and defaulting borrowers to sit down and address the messy task of cleaning up toxic bad debts, the Reserve Bank of India (RBI) has decided to crack the whip. The central bank's decision to act on the advice of its Internal Advisory Committee and direct lenders to initiate insolvency proceedings against 12 corporate borrowers – each owing in excess of ₹5,000 crore – has come not a day too soon. With gross non-performing assets (NPAs) at about ₹7 lakh crore, a regulatory intervention was imperative not only to safeguard the health of the banking system but also to ward off any wider impact on the economy. RBI Governor Urjit Patel underscored the importance of tackling the bad loans problem as recently as during the June 6-7 meeting of the Monetary Policy Committee when he said: "The quiescent investment cycle remains a key macroeconomic concern. It is, therefore, imperative to ensure resolution of stressed assets of banks and timely recapitalisation [of public sector lenders]." While the RBI has not divulged the names of the defaulting dozen, reports suggest they are largely made up of steelmakers and infrastructure companies. That steel companies were among the worst-hit in the wake of the global downturn in commodity prices and depressed demand in recent years is widely known; to that extent the sector's presence in the list comes as no surprise.

The onus now shifts to the lender consortiums to expedite the insolvency process under the new Insolvency and Bankruptcy Code (IBC). The enabling architecture is now in place to speedily bring a defaulting borrower's operations under the purview of an insolvency professional, once the National Company Law Tribunal has accepted the creditors' application for initiating insolvency proceedings against the debtor. But the actual timeframe in which the resolution is going to occur remains to be seen, given that the IBC is still in its infancy. While the code has been drafted to bring under its ambit existing laws related to insolvency and bankruptcy, thereby curtailing the options available to a borrower who wishes to mount a legal challenge, the proof of the pudding as always will be in the eating. The fate of this long-overdue attempt at resolving the banking sector's NPA crisis will ultimately be determined by how quickly the lender consortia are able to initiate the implementation of a resolution plan that retains the defaulting company as a going concern – there are, after all, thousands of direct and indirect jobs at stake here. Or, in the absence of approval for such a plan, start taking steps to liquidate assets.

Game of thrones

Mohammed bin Salman's elevation as Crown Prince could herald a more hawkish Saudi line

The rapid rise of Mohammed bin Salman, from one among many princes in the al-Saud royal family to the Crown Prince of Saudi Arabia within a span of two years, is an unprecedented development in the history of the Kingdom. Little-known outside the palace until January 2015 when his father, Salman bin Abdulaziz, became the monarch, Prince Mohammed has since been the face of Saudi Arabia overseas and of reforms at home. Appointed Deputy Crown Prince by his father, Prince Mohammed often overshadowed the then powerful Crown Prince, Mohammed bin Nayef. He was directly in charge of the Kingdom's foreign policy and rolled out an ambitious economic reform agenda last year. Throughout, he had the support of the octogenarian King, even as the Crown Prince, reportedly upset with his cousin sidestepping him, kept a low profile. On Wednesday, King Salman put an end to all speculation on the succession by ousting Prince Nayef, his nephew, and appointing his son the new Crown Prince. This has practically removed all hurdles for the 31-year-old to ascend the throne once his father retires or dies. With King Salman largely confined to the Palace owing to health reasons and Prince Nayef forcibly retired, the new Crown Prince has already become the *de facto* ruler of Saudi Arabia.

Many regard him as a reformer. He has repeatedly talked about ending Saudi Arabia's "addiction to oil". The Vision 2030 plan launched by the Prince last year seeks to end the country's dependence on oil, reform its finances and encourage private enterprise. He has also talked about women's rights. At the same time, many others perceive him as a reckless, impulsive royal whose unrealistic ambitions and quest for power could endanger not just the Kingdom but the entire Gulf region. A look at Saudi Arabia's foreign policy under King Salman lends credence to this criticism. Prince Mohammed was the architect of Riyadh's bombing campaign in Yemen in the name of fighting Shia Houthi rebels. The Saudi version is that the Houthis are Iran's proxies, and letting them consolidate themselves in the Kingdom's backyard will hurt its interests. For over two years Saudi Arabia has been bombing Yemen with impunity, triggering a humanitarian crisis in one of the poorest countries in the Arab world, but without attaining the stated objective of defeating the Houthis. The Houthis are still in San'a, Yemen's capital. Riyadh has also taken a tougher anti-Tehran line in recent years with Prince Mohammed determined to make sure that "the battle is for them in Iran". This aggressive foreign policy line was evident in Riyadh's decision to impose a blockade on Qatar as well. Prince Mohammed's domestic reform credentials are also yet to be established, as his plans to reorganise the oil economy remain on paper, while social reforms are nowhere near the government's agenda. Against such a background, the Prince's elevation will only prompt Saudi Arabia to turn more hawkish on regional policy, while reforms take a back seat. This is bad news for an already volatile region.

Keeping the 'Sixth Republic' on track

Emmanuel Macron's objective is to expand the centrist turf as a uniting force and secure the pro-Europe platform



RAKESH SOOD

Even though President Emmanuel Macron won a respectable majority in the French parliamentary elections held last week with 350 seats (together with coalition partner MoDem) in the 577-member assembly, his honeymoon period is proving to be rather short-lived. The low turnout of 42.6% on June 18 has raised eyebrows, particularly when compared to the 75% turnout on May 7, when the 39-year-old Macron was swept into the Elysee, riding a political wave of change that had not been seen since the founding of the fifth republic in 1958.

Parliamentary win

Nevertheless, it is abundantly clear that the French Assembly reflects change. As President Macron had promised, half of his La République en Marche's (LREM's) elected members are newcomers to elected public office. They represent diverse backgrounds – academics, business, social activism, entrepreneurship, etc. Other LREM members are the centrist moderates from the traditional Socialist and Republican parties who switched platforms. The new Assembly has 223 women members, the highest number ever, with the majority from the LREM which had fielded 50% women candidates. Republicans and their allies are down from 229 to 136 seats while the Socialists and their allies have been reduced from 284 to a mere 44 seats! The far-left Le France Insoumise led by Jean-Luc Mélenchon has done well by winning 17 seats while the far-right National Front has improved its standing from two seats to eight, well short of the mandated 15 seats needed

for recognition as a parliamentary group.

Even though it is a handsome majority for President Macron's 14-month-old party, the LREM, which has won 308 seats, it is less than the earlier projections that varied between 380 and 440! The resignation of MoDem partners – Justice Minister Francois Bayrou and Marielle de Sarnez, junior minister for European Affairs, on Wednesday has been a political setback. Defence Minister Sylvie Goulard, also a MoDem ally, had stepped down a day earlier, amid reports that MoDem has been placed under investigation for misuse of European Union parliamentary funds (she is a former member of the European Parliament). The MoDem resignations follow the resignation of Richard Ferrand, Minister for Territorial Cohesion and a close ally of the president, following an expose about his earlier financial impropriety in *Le Canard Enchaîné*.

It is a harsh lesson because one of Mr. Macron's first promises was to clean up political corruption for which Justice Minister Bayrou had introduced legislation in early June. The proposed reforms include removing the Special Courts and subjecting MPs and civil servants to normal judicial proceedings; limiting the number of elective offices that a French politician can hold at a time; and doing away with the practice of hiring family members from public funds, a disclosure that torpedoed Republican candidate Francois Fillon's presidential bid.

These proposals are bound to face opposition from the traditional Socialist and Republicans in the Assembly. In addition, procedures regarding donations and contributions to political parties are to be tightened and made more transparent. MoDem's departure from the cabinet affects Mr. Macron politically but does not impact his legislative agenda as the LREM with 308 seats has a comfortable majority on its own.

In his reshuffle announced on



Wednesday, Mr. Macron has brought in Florence Parly, a former budget official, as the Defence Minister and Nicole Belloubet, a legal expert, as the Justice Minister. Nathalie Loiseau, a former diplomat, has been inducted to look after European affairs. In the 29-strong cabinet, Mr. Macron now has 14 women, in keeping with his campaign promise of maintaining gender parity.

Mr. Macron's challenge will be to keep his liberal, pro-Europe and pro-reform agenda intact while remaining committed to fiscal prudence, in face of a vocal opposition led by Marine Le Pen on the far right and Jean-Luc Mélenchon on the far left. Traditionally, social and cultural liberalism has been a preserve of the left-of-centre parties while right-of-centre groups tend to support liberal economic policies. By puncturing the balloon of populism that both sides were taking recourse to and exposing it as nothing more than politics as usual, Mr. Macron has successfully recreated the liberal pragmatic centre, drawing in the moderates from both left and right and infusing it with new blood. By constituting a cabinet that has Republicans (Prime Minister Edouard Philippe and Finance Minister Bruno Le Maire), and Socialists (Foreign Minister Jean-Yves Le Drian and Interior Minister Gerard Collomb), he has also demonstrated his political skill and will-

ingness to reach out and draw in talent.

Mr. Macron has promised budget savings of 60 billion euros over the next five years even as he reduces the government payroll by 120,000. Corporate taxes are to be brought down from 33% to 25%. There are no plans to tinker with the 35-hour week but he has announced his intention to bring in greater flexibility into the labour market. The biggest challenge will be tackling unemployment, running at over 10% and as high as 25% among the youth. To generate jobs, Mr. Macron has promised public investment of 50 billion euros which includes substantial outlays for job training. While promoting closer ties with EU, he has talked of higher tariffs for non-EU goods and creation of an EU border force for dealing with the growing challenge of immigration.

Macron's real challenge

In the past six weeks that he has been in his job, Mr. Macron has also displayed confidence on the international stage that has added to his reputation. The six-second, white-knuckled handshake with U.S. President Donald Trump last month has already been the subject of considerable analysis on social media and YouTube. He expressed disappointment with the U.S. decision to pull out of the Paris Accord and tweaked Trump's slogan 'Make America Great Again' on

Twitter to 'Make Our Planet Great Again'.

A week later with Russian President Vladimir Putin, he was forthright in his criticism of Russian state-owned media and its attempts in election meddling. In May, the night before campaigning ended, his election team had disclosed a hacking, resulting in 9GB of data from his campaign site, mixed with fake documents, being circulated on Web-based chat rooms. He also took a firm line on Syria, particularly with regard to use of chemical weapons.

Even with the low turnout, the presidential and the parliamentary elections show that Macron has clearly captured the sentiment of the people. His objective is to keep expanding the centrist turf as a uniting force and remain pro-poor and pro-business at the same time. He has campaigned on a pro-Europe platform and, if Chancellor Angela Merkel wins in Germany in September, he will have an ally with whom he has established a good relationship. The pro-Europe future has to be reconciled with a reassertion of French identity by reviving a sense of optimism about French economy, based on technology, education and innovation.

None of these are easy challenges, but then, it is the first time since the establishment of the fifth republic in 1958 that the French people have elected a president and given him such a strong majority. Four of the five republics since the French revolution in 1789 emerged out of wars in Europe; the fifth in 1958 took shape because of the liberation movement in Algeria. Many believe that the 1992 Maastricht Treaty and the introduction of the euro in 2002 began a peaceful transition to the sixth French republic. The real challenge for Mr. Macron is to keep this transition on track.

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Debunking myths about the cattle rules

The new rules governing cattle markets only attempt to prevent cruelty



N.L. RAJAH

The cow and all the hoopla around it – political and otherwise – provide periodic bouts of consternation to the nation. This time, the provocation are the provisions of The Prevention of Cruelty to Animals (Regulation of Livestock Market) Rules, 2017. These rules are sought to be lampooned on two main grounds. First, that they are the product of a government with a divisive agenda that is trying to push the creed and beliefs of the majority down the throats of certain communities and classes.

Second, that the provisions of the Prevention of Cruelty to Animals Act, 1960 (PCA) have been used as a convenient peg to hang this devious attempt on. Since not only the devil but also clarity lies in details, let us examine these charges objectively.

As for the first allegation of communal bias, it may be worthwhile

to note some salient aspects. These rules have been enacted under the power to make rules under the PCA; second, they do not ban slaughter of cows or cattle; and these rules do not prevent anyone from eating beef. So what exactly do the rules do? They seek, inter alia, to regulate the sale and slaughter of cattle and certain other animals. But what has that got to do with the PCA? Therein lies a tale.

How the rules came about

In a case before the Supreme Court of India, i.e. W.P. (Civil) No.881 of 2014 filed by one *Gauri Maulekhi vs. Union of India and others*, the apex court passed an order dated July 12, 2015 to frame guidelines to prevent animals from being smuggled out of India to places like Nepal where large-scale animal sacrifices take place during the Gadhimai Festival. The allegation was that buffaloes (buffaloes mind you, not cows) were purchased in markets kept there in unhygienic conditions and were transported in appallingly abominable conditions to Nepal where they were slaughtered in large numbers.

The Supreme Court granted a stay of such transportation to



Nepal. It also constituted a committee to suggest solutions to stop these cruelties from being perpetrated on animals. The court then directed the suggestions of the committee to be taken into account and that rules with regard to livestock markets and connected issues be also notified. On July 12, 2016, the Supreme Court by the way of a final order directed the Union government to frame rules under Section 38 of the PCA.

The Animal Welfare Board of India prepared the draft rules incorporating all the suggestions made by the Supreme Court in the above-mentioned case. Thereafter, the draft of the presently impugned rules was notified on January 16,

2017 inviting objections and suggestions within 30 days. Thirteen representations were received regarding the rules, duly examined and incorporated wherever found suitable. The rules were finally notified on May 23, 2017.

Therefore the purpose of these rules was not some sinister plot to push through a communal agenda but merely to comply with directions of the Supreme Court in letter and spirit.

Further, as a matter of fact it was found that it is in the market that cruel practices like hot branding, cold branding, shearing, bishoping of horses, ear cutting in buffaloes, sealing teats of udder with adhesives, etc. actually happen.

It is plain that the attempt was only to prevent these atrocities. In fact, without going into all the above lengthy explanations, just a perusal of Rule 14(h) is enough to debunk the myth of a communal bias in the rules. This rule prohibits "putting ornaments or decorative materials on animals". One wonders whether rules allegedly framed with a communal bias will bring a spanner in the works of several Hindu festivals. One cannot even imagine a Thirussur Pooram festival without the brightly orna-

mented and caparisoned elephants. So, in the light of all this, what great communal bias is discernible in these rules? And how valid is the charge that the PCA has been used as a convenient instrument to further this sinister plot? This is not to say that the rules are perfect. They may be otherwise deficient but that really is for courts to decide.

We must remember that the harmony of our polity is a very fragile one. Never in the history of the human race have people with such mind-boggling diversity of caste, creed, language, customs and culture agreed to come together as a nation and agreed to be bound by the promises offered by a secular and egalitarian Constitution. If there be attempts to disturb this harmony, stern retaliation is in order. However, in burdening every official act with the murk of communal bias, the alarmists will only be reducing themselves to the status of the boy who cried wolf. When the wolf does arrive (one hopes it never does), we may have lost our collective capacity to react.

N.L. Rajah is a Senior Advocate at the Madras High Court

LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

In defence of dignity

Did not what Justice C.S. Karnan do till his retirement tarnish the dignity of the post he was holding? He was able to carry on with his tirades and still continue as a judge only because of the difficult impeachment rules ("Jailing a judge," editorial, June 22). Had he been in any other government service, he would have been removed. Had the judiciary requested Parliament to initiate impeachment proceedings, it might have fallen on deaf ears, considering that the former has overruled some decisions of the government in the selection of High Court judges. The only available option for the Supreme Court was initiation of contempt proceedings. Just because he was a sitting judge, why should there have been leniency in awarding punishment? When we say everybody is equal before

the law, pleading for leniency on the grounds of the person being a part of the judiciary is against the spirit of the Constitution. I sincerely hope that the collegium bears these incidents in mind while selecting judges in the future. Also, the government should consider granting some sort of administrative powers to the Supreme Court to deal with recalcitrant judges.

B.C. UNNIKRISHNAN NAIR, Kuthiathode

■ The Honourable Supreme Court took a very correct and logical step in convicting a serving judge. I do not understand how the dignity of the highest court in the country was lowered by the judgment. It has, in fact, increased our faith in the judicial system. As mentioned in the judgment against Justice Karnan, the judges gave him enough opportunities to make

amends. It was undignified on the part of an errant judge to seek refuge in a law which was created to safeguard the interest of the oppressed people. It was a clear-cut case of an accused playing the role of an accuser!

TILAK SUBRAMANIAN V., Udipi

A symbolic gesture?

The selection of Ram Nath Kovind as the presidential candidate by the ruling BJP has taken the Opposition parties by surprise ("Nitish backs Kovind, RJD unhappy," June 22). They cannot vociferously oppose his nomination, for the fear of being seen as 'anti-Dalit'; hence, they had to mull the selection of another Dalit leader. With due respect to the highest chair, the President generally never frames the rules. Hence, the ruling party's move gives an impression that they are politicising what is

supposed to be a post of apolitical nature.

D. MURKHOADHYAY, Kolkata

■ Appointing a Dalit to the highest office as a symbolic measure without providing the community equal opportunities to rise from their backwardness is going to do it no good in the long run. The government should learn from BSP's defeat in the U.P. State elections that mere rhetoric and symbolism can't be a permanent tactic to gain votes. This takes the caste system forward and the society backwards. The government should find ways to end the caste system and not promote it.

GAURAV BHATIA, Faridabad

Trump's India policy

The stance of the Trump administration on various issues concerning India is not clearly known

("American voyage," June 21). Prime Minister Narendra Modi's upcoming visit may clear the mist. Issues like restrictions on H-1B visas to Indian professionals, withdrawal of the U.S. from Paris Accord, surge in hate crimes against Indians need to be raised. However, there also need to be talks on cooperation as regards nuclear energy, maritime security and counterterrorism. The meet could be instrumental in shaping the course of India's future U.S. policy.

VEDANT MISHRA, Utnao

Kumble bows out

The unceremonious manner in which Anil Kumble had to step down despite showing his interest in taking the Indian cricket forward shows that all was not well between him and captain Virat Kohli ("Kumble's farewell," June 22). The differences

between the captain and the coach could easily have been resolved had there had been a functioning cricket administration. Kumble could have fought it out, but probably looked at the bigger picture and quit. A coach cannot be a cheerleader of the team. He cannot agree with the captain in whatever he says. There should be healthy discussion between players and the coach for the betterment of the team. The class of Kumble can't be questioned. We cannot forget his brave act during the Antigua Test against the West Indies in 2002 when, despite having a broken jaw, he came forward to bowl and picked up the wicket of Brian Lara. Indian cricket stands to lose due to his resignation.

J. AKSHAY, Bengaluru

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