

# Democracy and its discontents

India must strengthen institutions that lie between the public sphere and formal government institutions



ARUN MAIRA

Civilisation progresses with the evolution of institutions designed by humans to govern their affairs. Institutions of electoral democracy have evolved over the centuries, with notable innovations in the U.K., France and the U.S. that provided models for electoral democracies everywhere. These models have been vigorously exported by Western countries to promote democracy around the world. Now, the system of democracy invented in the West and exported to the rest is falling in the West. “Are Western democracies becoming ungovernable?” asks *The Economist*. Elected governments are in office, but not in power, it says. Many countries in Europe cannot form stable governments because the largest party does not command a majority. Coalitions are unstable. Parliaments are unable to pass laws. “The home of failure to pass meaningful laws is the United States”, it says. Americans will point a finger back to *The Economist’s* home country: the performance of political parties in the British House of Commons has not been edifying either.

### Democracy in India

By these yardsticks, democracy is shining in India. With a strong government at the Centre, Parliament has passed a slew of big laws recently. The most recent is the change in the governance set-up of Jammu and Kashmir, which has been haunting India’s constitutional arrangements. However, democracy consists of much more than elections and passage of laws. India has a great Constitution. It conducts free and fair elections. Its Parliament has passed many landmark laws since Independence. Yet failures of governance (and democracy) in India can be seen on the ground, in so-called ‘backward areas’ in the heartlands. Indeed, the Indian government has justified its bold reduction of powers of Jammu and Kashmir’s elected Assembly on the grounds that democracy was not functioning within the State and benefits of good govern-



nance were not reaching the citizens. Democracies need an architecture of institutions. Some institutions provide the vertical pillars. Other institutions provide the lateral binders that give strength and stability to the democratic structure. In the popular discourse about democracy, too much attention has been given to the vertical institutions required for people to elect their leaders, and too little to the lateral institutions required to create harmony amongst people. Universal franchise, elections, and political parties fighting each other to win elections enable a society to determine who is in the majority and has the right to govern. The problem with a majoritarian democracy is that it is not designed to find solutions for complex problems with many points of view. A government with a majority, especially a large one, can become as authoritarian as a dictatorial one. It can deny minorities their rights for their views to be considered while framing laws and resolving contentious issues. The people have spoken once in the election; that should be enough. Now, they must leave it to the government in power. Thus, a government elected by a majority can justify the exclusion of the minority. However, by excluding the views of the many that did not vote for it – and quite often these may even be the majority in the first-past-the-post system – a government reduces its own effectiveness. Those dissatisfied with the governments’ decisions go to courts wherever courts are independent, like in India. However, courts are not set up to find policy solutions to complex problems and

must interpret the laws as written. In India, many have complained that courts are venturing into matters of governance that they should not. This is a sign that something is missing in India’s democracy. When problems are complex, good governance requires effective methods for people’s participation. Referendums of the entire electorate give an illusion of good democracy – that the people have been consulted. Politicians on both sides of a referendum will run populist campaigns appealing to the basest of instincts to sway the opinions of the masses. Whereas, when the issue is complex, voters should be educated about what they are voting for. And then, when a small majority determines how all must go (52% wanted Britain to leave the European Union versus 48% that did not), referendums become yet another example of the problem with a majoritarian democracy rather than a good solution.

### Three layers of institutions

Healthy democracies need three vibrant layers of institutions. At the bottom is the public space and the media in which people must be free to speak up if they want to. On the top is the layer of constitutional institutions – parliaments, courts, etc. Social media has enlarged the public space enormously. Many more people are speaking up and many issues are being raised. Social media provides a good platform for opposing views, but is glaringly inept at reconciling them. On the contrary it is heightening divisive walls. Therefore, more problems require the attention of constitutional institutions

above, and they have more on their plate than they can digest. When elected representatives are expected to vote in their assemblies only according to the wishes of their own constituency and to also follow party whips, they cannot open their minds to listen to the views of other constituents. Thus, assemblies of elected representatives, in which framers of the U.S. Constitution hoped representatives would deliberate upon what is best for the whole system and not just for their parts of it, have become incapable of performing the role they should perform, *The Economist* laments. With democratic governance slipping into ineffectual logjams, it is tempting to close down the public space at the bottom, or to impose a majoritarian view from above to strengthen the government. There is fear that India may be slipping down this path, which may strengthen government on the ground, while stifling democratic governance. It is the road to ‘maximum government, minimum governance’.

### The weak intermediate layer

Political middles are thinning in democracies everywhere. People want change. Radical parties of the Right and Left are gaining support. The solution for strengthening governance and democracy at the same time is to strengthen the middle layer of institutions within democracies that lie between the open public sphere and formal government institutions. These are spaces where citizens with diverse views can listen to each other, and understand the whole system of which they are only parts. Neither elected assemblies nor social media provide such spaces. Sadly, even think tanks have become divided along ideological and partisan lines. It is imperative for India to build intermediate level, unofficial or semi-official institutions for non-partisan deliberation amongst concerned citizens. The government must give more space for such institutions to form and operate. When there is global despair about the ability of democratic institutions to deliver the benefits of good governance to citizens, this innovation must become India’s invaluable contribution to the history of democracy’s evolution.

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# In Tamil Nadu, making power while the sun shines

The State needs a fair tariff-setting process for solar power



MARTIN SCHERFLER

In 2012, Tamil Nadu released its Solar Energy Policy and introduced a net-metering mechanism for rooftop solar panels, becoming the first Indian State to do so. This policy marked a paradigm shift as electricity consumers could now simultaneously become electricity producers. The net-metering arrangement allowed surplus solar energy exported by consumers to the grid to be credited in energy units (kWh). Consumers paid for the net-imported energy units (import minus export). They received monetary benefits, equivalent to the regular tariff, for the units exported. Consumers with higher electricity tariffs benefited more than those with lower tariffs and most domestic users did not find the mechanism financially attractive. The Tamil Nadu Solar Energy Policy 2019, announced in February this year, replaced net metering with a net feed-in mechanism. Under this, surplus solar energy exported to the grid will be credited at a tariff fixed by the Tamil Nadu Electricity Regulatory Commission. While for self-consumed units, consumers will get a monetary benefit equivalent to the consumer tariff, for units they export they will receive a feed-in tariff determined by the regulator. The attractiveness of this net feed-in tariff will determine the success of this measure, especially at the domestic-consumer level.

### Capacity targets not met

The 2012 policy set a solar energy capacity target of 3,000 MW to be achieved by 2015. Nearly four years later, in January 2019, about 81% of this target had been met, the majority of it having been installed by commercial and industrial entities. The 2019 policy has scaled the capacity target up to 9,000 MW by 2023. About 40% of this, 3,600 MW, is to be met by the consumer category. Here, an incomprehensible provision is that all High Tension (HT) consumers have been excluded from the net feed-in facility. This means that educational campuses, commercial, industrial and institutional entities and other consumers with an HT connection cannot make use of the facility. So, why has the rooftop solar model failed to take off in a big way in Tamil Nadu, seven years after the announcement of the first

policy? This can be attributed primarily to the State’s electricity tariff model. Take the example of a domestic user with a monthly consumption of 350 kWh. Under the current slab, after accounting for the 50 units per month provided free of cost, the consumer will pay a monthly electricity charge of ₹1,550 – ₹4.43 per kWh of electricity. The utility company, Tamil Nadu Generation and Distribution Corporation (TANGEDCO), incurs an expenditure of ₹8 for every kwh of power delivered, making a steep loss.

### Cross-subsidising low-tariff users

To recover this extra cost, the company imposes higher charges on commercial and industrial entities. Hence, the higher-paying consumers end up cross-subsidising the low-tariff ones, creating a vicious cycle. This results in the high-paying consumers either moving their manufacturing base to States with lower electricity tariffs or entering into power-purchase agreements with independent power producers. Hence, TANGEDCO loses its high-value consumers, with the result that the utility’s financial losses keep mounting. To address this issue, electricity tariffs that allow the power distribution company to cover its cost of supply would be a good start. Subsidy, where required, can be provided through a direct cash transfer to those in need, unlike today where the rich and poor consumers receive the same subsidy. However, apart from such tariff rationalisation, additional elements are required to enable consumer-category rooftop solar power to thrive. First, a fair and transparent net feed-in tariff setting process is needed. In March, a formula was established to determine the tariff, based on which it came to ₹2.28 per kWh for solar photovoltaic systems commissioned during the Financial Year 2019-20. This is extremely low and represents only about 50% of the actual cost of small-scale solar energy generation. With this tariff, the chance of the State meeting its consumer-category solar energy target is close to zero. Second, innovative rooftop solar programmes, which include alternative financing mechanisms and demand aggregation to reduce the capital cost of solar energy production, will have to be designed. Lastly, the State may do well in starting with a dedicated feed-in tariff for battery storage system. This would prepare the state to transition into a smart grid future of the 21st century.

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# Public health versus free speech

Tobacco companies will try their best to prevent pictorial warnings on cigarette packages in the U.S.

R. PRASAD

Ten years after U.S. Congress passed the Family Smoking Prevention and Tobacco Control Act, on August 15 this year, the Food and Drug Administration finally issued a proposed rule that pictorial warnings be carried on cigarette packages and advertisements. Once this is finalised, the FDA will be able to specify the images to be used along with the written warning. The images and text will occupy the top 50% of the front and the back panels of the packages. At present, cigarette packages in the U.S. carry only text warnings and only on one side. Canada was the first to introduce pictorial warnings on cigarette packets in 2001. By October 2018, 118 countries had implemented such warnings in line with the World Health Organisation’s Framework Convention on Tobacco Control that came into force in 2005. It is an irony that a country that introduced written health warnings in 1966 and updated it in 1984 to include the Surgeon General’s warning still does not carry pictorial warnings on its cigarette packets.

### Industry resistance

Stiff opposition from the tobacco industry on the ground that graphic images violate its First Amendment rights protecting free speech has been the main reason why the U.S. has not been able to introduce them. Even the new proposed rule came into being only after the U.S. court for the District of Massachusetts issued an order in March 2019 directing the FDA to publish a rule by August 2019 and a final rule in March next year. It is almost certain that tobacco companies will challenge the FDA rule before March 2020. In June 2011, the tobacco companies had successfully challenged the introduction of pictorial warnings even after the FDA published the final rule. By virtue of their small size and placement, text warnings largely remain invisible and fail to convey the

harmful effects of smoking. On the other hand, gory pictures are very likely to be noticed, leave a lasting impression of the varied risks of smoking. They also convey the central message immediately and easily.

### The power of pictures

Tobacco companies are well aware of the power of pictorial warnings in reducing tobacco consumption, urging users to quit smoking and preventing young adults from taking up smoking. It is for these reasons that the industry will pull out all the stops to prevent the introduction of graphic images in the U.S., one of the biggest markets in the world (1.4 million children between the ages of 12 and 17, and 34 million adults currently smoke).

A 2017 study based on modelling found that pictorial warnings could reduce the prevalence of smoking in the U.S by 5% by 2020 and up to 10% by 2065. Data from countries that introduced pictorial warnings show how powerful they can be in shaping public opinion and causing a sharp drop in tobacco consumption. For instance, in Canada, there was 12% relative reduction in smoking prevalence in just six years after graphic images were made mandatory on cigarette packages. Similarly, Australia, which introduced graphic images in 2006, witnessed more than a 10% drop in prevalence between 2004 and 2008. The U.K. saw a 10% relative decline in 2009, just a year after image warnings were introduced. The biggest threat that pictorial warnings pose to tobacco companies is in reducing the appeal and consumption of tobacco. About 30% of young adults in 28 European countries and Canada reported that graphic images made them less likely to start smoking.

Pictorial warnings can turn the power of packaging on its head – far from brand building, packages with graphic images will become a mobile medium to spread public health messages at no cost to the government.

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### DATA POINT

## Currency tales

The Indian rupee has depreciated sharply in the last one month against the U.S. dollar. It is staring at its worst monthly loss in six years. While it is the worst-performing in Asia for August, it has done better than the currencies of many emerging economies, which have seen a downturn this month. By **Sumant Sen**

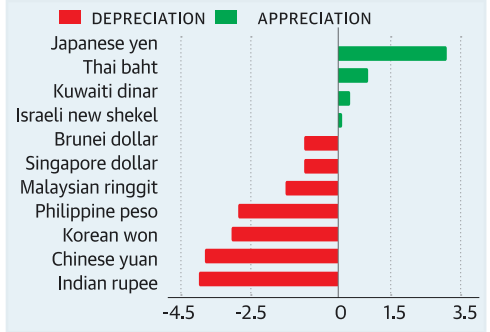
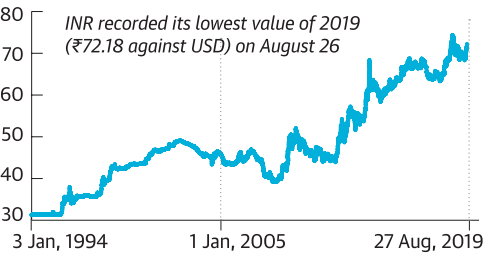
### Steep drop

With a 4% depreciation value in August 2019, the rupee might record its biggest monthly loss in six years. The previous lowest monthly loss was in August 2015

Month	Depreciation (Month to date in %)
Aug. '19	4.00
Aug. '15	3.66
Aug. '18	3.38
Nov. '16	2.72
Apr. '18	2.67

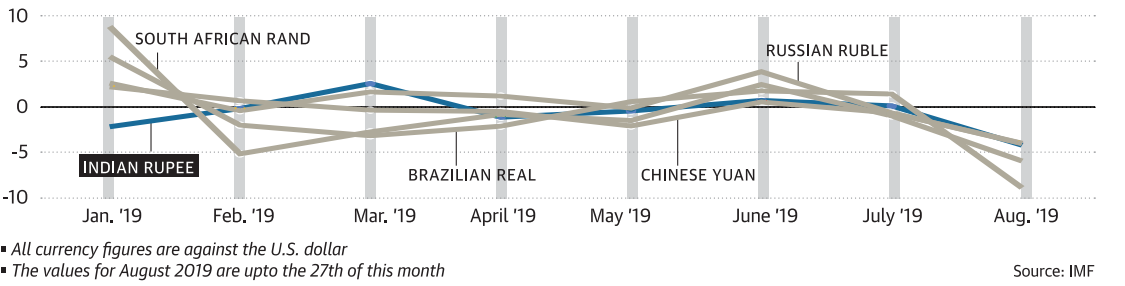
### Valued least

The graph shows the % month-to-date appreciation and depreciation of major Asian currencies in August 2019. INR has depreciated the most followed by the Chinese yuan



### Dip in emerging markets

The currencies of most emerging markets across the globe have weakened in August after registering gains or remaining stable in the earlier months. Among BRICS countries, the rupee is better-off than the Brazilian real and South Africa rand. The chart shows the change in % month-to-date appreciation and depreciation of BRICS currencies from January 2019



■ All currency figures are against the U.S. dollar  
■ The values for August 2019 are upto the 27th of this month

Source: IMF

## The Hindu.

### FROM THE ARCHIVES

FIFTY YEARS AGO AUGUST 29, 1969

### Arab League calls for summit

The 14 member-States of the Arab League have shelved Jordan’s proposals for an early summit conference for at least three months. The Ministers ended two days of talks with a comparatively short and routine communique which backed Saudi Arabia’s alternative proposal for an Islamic summit to discuss the burning of Jerusalem’s Al-Aksa mosque. Despite the fact President Nasser had thrown his weight behind it. King Hussein’s proposal for a purely Arab meeting on the crisis with Israel was politely shelved. It will be reviewed again after a meeting of the Joint Arab Defence Council in November. The 27 countries who will be invited to the summit are: Indonesia, Saudi Arabia, the United Arab Republic, Jordan, Syria, Lebanon, Iraq, Turkey, Iran, Afghanistan, Pakistan, Malay, Algeria, Tunisia, Libya, Sudan, Somalia, the South Yemen Republic, Yemen, Kuwait, Guinea, Senegal, Mali, Mauritania, Morocco, Nigeria and Cameroun. In Jerusalem, authorities yesterday [August 27] lifted restrictions on the movement of Israeli citizens in eastern Jerusalem imposed after last Thursday’s fire at Al Aksa mosque.

A HUNDRED YEARS AGO AUGUST 29, 1919.

### India, 1917-18.

(From an Editorial)

This report, prepared for presentation to Parliament under the requirements of a section of the Government of India Act for 1917-18, is before us. The officer on special duty, Mr. L.F. Rushbrook Williams, in connection with the preparation of this summary and analyses of the many activities of the Government and the people, has done his work well, and has allowed nothing of any importance to escape notice in his very readable and comprehensive review. The opinions expressed in the book are, presumably, those of the Government of India and some of those opinions the Indian press will cordially endorse. Mr. Williams renders high and unstinted praise to India, as a whole – including the Native States – for their contributions in men, material and money to the war. With regard to the War Conference held at Delhi, Mr. Williams says: “The lead given by the English officials was heartily followed by the English and Indian non-officials”. After mentioning the particular directions in which special help was rendered, Mr. Williams says “the moral effect of the war was remarkable for the great wave of loyalty which swept over the country when the war began”.