



## Caution ahead

Election-season temptations for populist spending pose a challenge to the economy

The first advance estimate of gross domestic product (GDP) growth for 2018-19 released by the Central Statistics Office on Monday paints a mixed picture of the economy. The GDP growth rate for the full year is projected to be at 7.2%, which is significantly higher than the growth rate of 6.7% achieved last year. Many sectors of the economy are projected to do better than they did last year in the aftermath of the twin shocks of demonetisation and the rollout of the Goods and Services Tax. Sectors such as manufacturing and construction, for instance, are projected to grow at a healthy pace of 8.3% and 8.9%, respectively, both of which are higher than the growth rate of below 6% that each sector witnessed last year. Interestingly, the CSO's growth estimate for 2018-19 appears conservative and is lower than the estimates made by institutions such as the Reserve Bank of India and the World Bank. A worrying trend in the economic data is the recent sequential deceleration in growth over consecutive quarters. According to the CSO, growth is likely to slow down considerably from the average of 7.6% recorded during the first half of the current fiscal year to around 6.8% in the second half. This sequential slowdown is expected to get reflected in the sectoral level data as well with sectors like manufacturing expected to slow down sharply in the second half of the year compared to the first half. On the brighter side, investment spending, which has ailed the economy for long, is expected to pick up finally. Gross fixed capital formation as a percentage of GDP is expected to reach 33%, the highest in three years.

One of the significant near-term risks to the economy is the general election that is expected to be held in May. Regime uncertainty associated with the election may put a halt to the nascent pick-up witnessed in investments as corporations might decide to hold back on big ticket investments until things clear up. A major risk in the medium to long term is the absence of meaningful structural reforms that are necessary to increase economic productivity combined with populist policies that eventually damage the economy. Another perennial risk is the over-dependence on imported oil, which makes growth heavily dependent on external events often beyond the control of the government. The projected slowdown in the second half of the fiscal despite the fall in global oil prices is a worrying sign. Ahead of the general election, the government may wish to help growth by boosting spending, but any such move would be ill-advised. With the fiscal deficit exceeding the Budget estimate by 15% in just the first eight months of the fiscal year, the government cannot crank up spending without severely affecting its finances, along with investor confidence in the economy.

## Pull-out puzzle

As Turkey rebuffs its plea to protect Syrian Kurds, the U.S. must evaluate its next move

President Donald Trump's planned withdrawal of American troops from Syria ran into trouble this week as Turkish President Recep Tayyip Erdogan rebuffed National Security Adviser John Bolton's suggestions for an orderly exit. After Mr. Trump announced the pull-out of about 2,000 troops from northeast Syria, Mr. Bolton had said the troops would leave the war-torn country after the Islamic State is beaten. He also said Kurds, U.S. allies in the fight against the IS, should be protected. This has ostensibly angered Turkey, which considers the Syrian Democratic Forces, the official military wing of Syrian Kurdistan, an offshoot of the Kurdistan Workers' Party, deemed a terrorist group by Ankara and Washington. Mr. Erdogan, who initially welcomed Mr. Trump's announcement of troops withdrawal, lashed out at Mr. Bolton for setting conditions for the pull-out. Tensions were so high that Mr. Erdogan refused to meet Mr. Bolton, who was in Turkey. The U.S. is now in a fix. Its President has announced the withdrawal. But it cannot just exit Syria without considering the existing geopolitical equations in the region. Kurds were pivotal in the war against the IS, and it is highly likely that Turkey could attack them as soon as the U.S. troops leave. Ankara sees an autonomous, militarily powerful Kurdistan on the Syrian side of the border as a threat to its territorial integrity.

Part of the problem is with the way Mr. Trump announced his decision to withdraw troops. He should have held talks with the stakeholders, including Turkey, Russia and Kurds, before taking a decision. Or he could have used his intent to pull out from Syria as a bargaining chip to extract concessions from other countries involved in the civil war. In the event, the abrupt announcement has become a concession to Turkey, which was hamstrung by U.S. presence in the Kurdish-populated region in pursuing its own military options. In practical terms, the U.S. has three options. One, it could go ahead with the unilateral pull-out irrespective of what Turkey does. This would leave the Kurds at the mercy of Mr. Erdogan and the Turkish troops. Two, Mr. Trump can walk back on his decision and continue to station troops in Syria, influencing, at least partially, the outcome of the civil war. This is unlikely given his aversion to keeping troops indefinitely in Syria (and other West Asian conflict zones). Three, the U.S. can stagger the withdrawal and pursue talks with Turkey, Russia and the Syrian government to reach an agreement to guarantee the protection of the Kurds and the defeat of the IS in Syria. Mr. Bolton's Ankara trip may have failed to extract any assurances from Mr. Erdogan, but Washington should continue to keep diplomatic channels open to ensure that the pull-out is done in an orderly fashion.

# A solution in search of a problem

Instead of addressing inequality, the 10% quota for economically weaker sections creates huge anxieties



SONALDE DESAI

If the number of demands for implementing reforms is any guide, India's reservation system is clearly in disarray. However, it is unlikely that the recently passed Constitution (124th Amendment) Bill, 2019, creating a 10% quota for the economically weaker sections (EWS), will serve as anything more than a band-aid.

Given the deep inequalities prevalent in access to education and jobs based on caste and socio-economic status, affirmative action (or positive discrimination) makes a lot of sense. However, the system that was put in place during the early years of the Republic deserves serious re-evaluation in an era when technology has paved the way for deploying a better equipped arsenal. Here I present an evaluation of the potential implications of the EWS quota Bill, followed by some alternatives.

### Excluding no one

The Bill promises 10% reservation to individuals classified as economically backward. However, while a number of criteria were discussed in the parliamentary debate, the Bill is quite silent on this. Assuming that among the criteria discussed in Parliament, those that are currently applied to the definition of the Other Backward Classes (OBC) creamy layer are the ones to be used, it is not clear how useful they would be. While the OBC creamy layer has been created to exclude people who are clearly well off, the EWS quota, in contrast, is expected to focus on the poor. One of the criteria – the

income threshold of ₹8 lakh per annum – has been mentioned. The National Sample Survey (NSS) of 2011-12 shows that the annual per capita expenditure for 99% of households falls under this threshold, even when we take inflation into account. Similarly, as per the India Human Development Survey (IHDS), the annual household incomes of 98% of households are less than ₹8 lakh. Even if we apply all the other criteria for exclusion (e.g. amount of land owned and size of home), the Bill would still cover over 95% of the households. So, who are we excluding? Almost no one.

While the benefits of the EWS quota are likely to be minimal, the cost may be higher than one anticipates. First, it is important to remember that general category jobs are open to everyone, including Scheduled Caste (SC), Scheduled Tribe (ST) and OBC individuals. Thus, by removing 10% jobs from the "open" category, it reduces the opportunities for currently reserved groups. Hence, this is by no means a win-win situation. This may be particularly problematic for OBCs since OBC reservation is limited to 27% of the seats whereas the OBC population is at least 40% of the population, possibly more. Thus, this move is almost certain to result in calls for greater OBC reservation, particularly if a constitutional amendment to increase the proportion of reserved seats from 50% to 60% is already being adopted.

### Getting caste certificates

Second, actual implementation of the EWS quota could be challenging. Few non-SC/ST/OBC individuals have a caste certificate. A large number of SC/ST/OBC households report difficulties in obtaining these certificates. How would an individual practically lay claim



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to this status?

Third, in an era when skill demands are rapidly outpacing supply of candidates in specialised fields, the EWS quota increases the constraints. If a university advertises for an associate professor for quantum physics under the EWS quota and the only suitable candidate happens to be from an OBC category, she could not be hired. These challenges occur for all positions under specifically reserved categories and we have chosen to live with these difficulties in the interest of the greater good of equity. However, there is little benefit to be derived from the EWS quota.

### Redesigning reservations

Arguably, the greatest cost of this amendment lies in the foregone opportunity to develop an enhanced and more effective reservation policy so that we can genuinely see an end to the entrenched inequalities in Indian society in the medium term. We have gotten so used to business as usual that we make no effort to sharpen our focus and look for more effective solutions, solutions that would make reservations redundant in 50 years.

If we were to redesign from scratch, what would an effective affirmative action policy look like? If the goal is to help as many people as possible, we are facing a serious challenge. On the one hand, 50% reservation looks very large;

in the grand scheme of India's population it is a blunt and at times ineffective instrument.

The following statistics from the Union Public Service Commission provide a sobering view of ground realities. In 2014, only 0.14% applicants to the UPSC were selected. Moreover, the general category and OBCs have the highest success rate, about 0.17%, and SCs have the lowest, about 0.08%. This may be because of the perception that it is easier for SCs to be recruited via the reserved quota and this may have led to a large number of SCs taking the civil services examination. One might say that many of these candidates are not qualified for these jobs. However, if we look at the candidates who made it past the preliminary examination (providing preliminary quality assurance), the picture is equally grim. Only about 8% of the candidates who took the main examination succeeded. Here the success rate is 8.2-8.3% for SC and ST candidates, 9.9% for OBCs and 7.8% for the general category. This suggests that in spite of the grievances of upper castes, reserved category applicants are not hugely advantaged.

The above statistics tell us that in spite of reservations, a vast proportion of reserved category applicants do not find a place via the UPSC examination. I suspect statistics from other fields may tell a similar story. This implies that if we expect reservations to cure the ills of Indian society, we may have a long wait.

### Spread the benefits

Hence, we must think about alternative strategies. One strategy may be to try and spread the benefits of reservations as widely as possible within the existing framework and ensure that individuals use their reserved category status only once

in their lifetime. This would require that anyone using reservations to obtain a benefit such as college admission must register his/her Aadhaar number and she would be ineligible to use reservations for another benefit (e.g. a job) in the future. This would require no changes to the basic framework but spread the benefits more broadly within the reserved category allowing a larger number of families to seek upward mobility.

A second strategy might be to recognise that future economic growth in India is going to come from the private sector and entrepreneurship. In order to ensure that all Indians, regardless of caste, class and religion, are able to partake in economic growth, we must focus on basic skills. We have focused on admission to prestigious colleges and government jobs, but little attention is directed to social inequality in the quality of elementary schooling. The IHDS shows that among children aged 8-11, 68% of the forward caste children can read at Class 1 level while the proportion is far lower for OBCs (56%), SCs (45%) and STs (40%). This suggests that we need to focus on reducing inequalities where they first emerge, within primary schools.

The challenge we face is that our mindset is so driven by the reservation system that was developed in a different era that we have not had the time or the inclination to think about its success or to examine possible modifications. The tragedy of the EWS quota is that it detracts from this out-of-the-box thinking!

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## Let the grassroots breathe

Local bodies must not be administrative vessels for implementing programmes of the Central and State governments



MATHEW IDICULLA

One of the first decisions of the newly elected Ashok Gehlot government in Rajasthan has been to scrap the minimum educational qualification criteria for candidates contesting local body elections. This reverses the amendments introduced by the previous government of the BJP in 2015 which required candidates contesting the zila parishad and panchayat samiti elections to have passed Class 10 and those contesting sarpanch elections to have passed Class 8. Further, it disallowed those without functional toilets in their home to contest. Following this, Haryana also introduced similar restrictions for contesting local body elections.

The decisions by the Rajasthan and Haryana governments were widely criticised and also challenged in the courts. However, in December 2015, a two-judge Bench of the Supreme Court in *Rajbala v. State of Haryana* upheld the validity of the amendments to the Haryana Panchayati Raj Act. In a contentious judgment authored by Justice J. Chelameswar, the

court held that prescription of educational qualification was justifiable for better administration and did not violate the right to equality enshrined in the Constitution. The latest decision of the Gehlot government has once again revived the debate on the fairness of having such restrictions.

Prescribing educational qualifications for contesting elections is problematic in multiple ways. Fundamentally, it unduly restricts a citizen's right to contest elections and thereby challenges the basic premise of a republican democracy. Denying the right to contest effectively restricts the right of a citizen to vote for a candidate of her choice since more than half the population is restricted from contesting. Further, it disproportionately disenfranchises the more marginal sections of society: women, Dalits and poor. In a country like India with unequal access to education, it is cruel to blame citizens for the failure of the state to fulfil its constitutional obligations. The decision by the Gehlot government is hence a necessary corrective to an unjust rule.

### Rationale for restrictions

Beyond the correctness of these decisions, it is also important to look at the underlying rationale for introducing educational qualifications specifically for local government elections. After all, such



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restrictions do not exist for those contesting parliamentary or Assembly elections. In fact, in the present Lok Sabha, 13% of MPs are under-matriculants, a share higher than those of women MPs.

These restrictions reveal that State governments and courts do not value local governments for their representative character. In *Rajbala*, the court held that prescription of educational qualification is relevant for "better administration of the panchayats". On the one hand, this is based on an ill-informed assumption that those with formal education will be better in running panchayats. On the other, it reveals that State governments and courts place a premium on administration over representation in case of local governments.

This approach goes against the very objective of the 73rd and 74th Amendments that sought to make panchayats and municipalities representative institutions with

adequate representation from Scheduled Castes, Scheduled Tribes and women. Though local governments now have a definite space within India's constitutional structure, they are still seen as administrative vessels for implementing programmes of the Central and State governments. The disqualification of candidates who don't have toilets in their home or defecate in open is clearly an example where the implementation of a Central programme like the Swachh Bharat Mission gets precedence over the need for representative government.

### Denying local democracy

The undermining of local governments as representative institutions does not take place solely through the introduction of restrictions for contesting elections. Often it takes a more brazen form: not holding elections to local governments. Over the years, many State governments have sought to defang local governments by simply delaying elections on various grounds. Elections to panchayats and municipalities in Tamil Nadu have not been held since 2011. In Visakhapatnam, elections to its Municipal Corporation were last held in 2007. These local governments now function as bureaucratic machines without an elected council to hold them accountable.

The continual delay in elections goes against the purpose of the 73rd and 74th Amendments which listed the "absence of regular elections" and "prolonged supersessions" as stated reasons behind their introduction. These amendments also mandated the creation of a State Election Commission (SEC) in each State for the preparation of electoral rolls and the conduct of elections to panchayats and municipalities. However, in most States, tasks like delimitation of seats are still done by the State government instead of the SEC. It is often under the guise of delimitation of seats that local government elections are delayed, especially when the party in power fears losses.

India prides itself as a robust democracy, at least in the procedural sense, with regular elections and smooth transfer of power. However, the absence of elected councils in some local governments punches holes in this claim. The lack of alarm caused by the denial of local democracy reveals our collective bias regarding the place of local governments. Delaying elections and adding restrictions to contest prevent local governments from becoming truly representative institutions.

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## 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.

### An electoral gimmick

Reservations cannot eradicate poverty, solve the agrarian crisis or generate employment ("Parliament passes Bill to provide 10% quota for poor", Jan. 10). At a time when systemic responses to these problems are warranted, choosing the easy way of providing reservation amounts to escapism.

AVI SHUKLA,  
Patna

The point of reservation is to provide adequate representation to unrepresented classes, not create employment. Incomes fluctuate, so providing reservation on the basis of income makes little sense. The Bill also violates the 50% reservation rule established

by the Supreme Court in the *Indira Sawhney* case. The fact that this Bill seeks to alter the Constitution, was introduced without inviting public comments, and is not based on any empirical data proves that it is an electoral gimmick.

GURPARTAP SINGH BHULLAR,  
Chandigarh

The reservation policy was initiated as a temporary provision (for 10 years) for the Scheduled Castes and Scheduled Tribes in our Constitution in 1950. Seven decades later, we are only busy expanding the reservation policy to include more groups of people. Why can't there be a way of finding out which categories of people have truly benefited from reservation and then

update the policy accordingly?

VICTOR FRANK A.,  
Chennai

The Bill raises two issues, both of which were mentioned in Parliament. One, what is the justification for fixing the quota at 10%? And two, how can a household getting a daily income of ₹2,100 be called poor?

R.M. MANOHARAN,  
Chennai

Where are the jobs for which the government is promising reservation? The numbers on employment generation are contentious. Instead of reservation, shouldn't the government be focussing on providing quality education and strengthening our

educational institutions?

SAMEER BHOL,  
Bargarh

### Question of citizenship

The passage of the controversial Citizenship (Amendment) Bill, 2016 in the Lok Sabha has upset many in Assam and the Northeast ("Mass messaging", Jan.10). Protests against both the State and Union governments are taking place daily on the streets of Assam. Various organisations have already submitted thousands of memoranda to the Joint Parliamentary Committee for withdrawal of the Bill, but in vain. The Bill overrides the provisions of the Assam Accord. National parties must realise that for the Northeast,

development is essential but not at the cost of identity.

BANRAJ KALITA,  
Guwahati

### Sexist remarks

Congress president Rahul Gandhi's remarks that Prime Minister Narendra Modi asked a woman, Defence Minister Nirmala Sitharaman, to protect him, and that Mr. Modi should be "a man" and answer Mr. Gandhi's questions on the Rafale deal are immature and lack decency. As the president of a national party who is reportedly dreaming of becoming Prime Minister, Mr. Gandhi must exercise restraint while speaking in public, especially about the Prime Minister. The standard of public discourse is getting

progressively worse.

M.R.G. MURTHY,  
Mysuru

### Debating Sabarimala

The article, "Sabarimala through the ages" (Jan. 10), comes days after the Readers' Editor's column on the newspaper's coverage of Sabarimala. The RE spoke about how the newspaper is covering all angles of the protest. But this article is just another addition to the ones that have been published on the opinion pages defending the judgment. I challenge you to publish at least one piece with the viewpoints of a devotee articulating the opposite view.

J. MURUGANANDHAN,  
Chennai

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