THE HINDU

End to cattle curbs

The withdrawal of ill-conceived restrictions on livestock trade is welcome

Good sense appears to have prevailed at last. With a fresh set of draft rules to replace last year's poorly conceived ones, the Centre has sought to withdraw the ban on sale of cattle for slaughter in animal markets. The draft rules are now open for comments and suggestions. When the Union Ministry for Environment, Forests and Climate Change notified the rules under the Prevention of Cruelty to Animals Act on May 23, 2017, there was concern that in the name of preventing cruelty to animals and regulating livestock markets the government was surreptitiously throttling the cattle trade and furthering the BJP's cow protection agenda. The rules were criticised for restricting legitimate animal trade and interfering with dietary habits. The new draft makes a welcome departure from the earlier rules, seeking to provide great relief to buyers of animals from cumbersome paperwork and procedural requirements. Some distance-specific conditions to curb inter-State and cross-border movement of animals are to be dropped, as also rules barring animal markets within 25 km of a State border and 50 km of the international boundary. The definition of 'animal markets' will no more include any lairage adjoining a slaughterhouse, thereby removing curbs on the sale of animals in a resting place in the vicinity of a market. The draft retains good provisions in the earlier notification barring cruelty in the treatment and transport of animals.

The notification had set off a storm last year, with some Chief Ministers stridently opposing it on the ground that regulating livestock trade was essentially a State subject. Even assuming that the Centre had jurisdiction under the law against animal cruelty to notify the rules, it was obvious that only the States could enforce them. With the Supreme Court expanding a stay granted by the Madras High Court into a nation-wide bar on the rules, and some States taking a clear stand that they would not implement the regulations, the notification was a non-starter. There was further concern whether the regulations would adversely impact poor villagers, as animal markets are predominantly in the countryside. There was an impression that under the guise of stiff regulations, the Centre was making it impossible for cattle, a term that covers cows, buffalo, bulls and camels, to be slaughtered even for food, despite the PCA Act recognising explicitly that animals can be food for humans. The meat trade, valued at thousands of crores of rupees, would have suffered a serious setback had the rules been implemented. Any transformation from a tendency to advance pet causes to an approach based on economic and legal considerations would be a welcome change. Good governance is not only about regulating human and economic activities, but also about avoiding perceptions of sectarianism.

Tightening grip

Viktor Orbán's emphatic re-election in Hungary has implications for all of Europe

Hungarian voters have handed Prime Minister Viktor Orbán a third term in office. In Sunday's election, his right-wing Fidesz party and its Christian Democrat allies won around half the vote and two-thirds of the seats. This will give Mr. Orbán, who revels in his hyper-nationalist strongman image, the super-majority he needs to further tighten his grip on Hungary. The nationalist Jobbik party came in second with 20% of the vote, making it the principal opposition, with the Socialists getting 12% and the Green Party 7%. Though a high turnout of about 70% was expected to help the Opposition, the electoral process has been questionable. The technical administration of the elections was transparent and there was a wide range of candidates to choose from. But critics say the playing field was not fair, given media bias, a blurry line between party and government resources, and 'intimidating and xenophobic rhetoric'. Over his previous terms Mr. Orbán had anointed himself as a spokesperson for 'Christian Europe', protecting it from what he sees as Islamisation – his campaign included posters of a stop sign superimposed on to an image of migrants walking across Europe. It is therefore not surprising that Fidesz performed strongly in small towns and rural areas, where Mr. Orbán's anti-migrant message rang out the loudest. Over the last few years, as millions of migrants found their way to Europe, Mr. Orbán did not stop at just rhetoric. He refused to participate in the EU's migrant resettlement plan and built a fence on Hungary's boundary with Serbia and Croatia to keep them out.

He has also portrayed Hungary as a country at risk from foreign agents and has been accused of anti-Semitism. In a move seen as a bid to contain Hungarian-born Jewish American philanthropist George Soros's work, Mr. Orbán introduced new funding laws for NGOs and passed a bill that would impact Mr. Soros's Central European University. This is in addition to imposing controls on the media and tampering with the judicial system. A third term for Fidesz has implications not just for Hungary but for all of Europe. It is likely to polarise Western and Central European countries, which are wary of Brussels and want to see a directional change for Europe, closing it to migrants. In the European Parliament, the Fidesz is part of the largest party, the European People's Party, a grouping of mostly centre-right parties that includes Angela Merkel's Christian Democrats; Mr Orbán's victory could change the dynamics in this group, pulling some or all within it further right. Brussels has greeted the results with caution. But not all of Europe is worried; far-right leaders in France and Germany were quick to congratulate Mr. Orbán, and see in his victory a shot in the arm for their ideologies.

Heed the federal framework

The Finance Commission must respect principles of equity and fairness in allocating resources between Centre, States

PINARAYI VIJAYAN

Most federations in the world have arrangements for the mobilisation and devolution of resources. In India, the Constitution provides for the appointment of a Finance Commission every five years to recommend methodology to share resources such that the fiscal space of the constituents, especially the States, is well protected.

The terms of reference of the 15th Finance Commission are thus a matter of utmost importance to the resources available to the States of India. The terms of reference of this Commission have created apprehension among States about principles of fairness and equity in the distribution of public resources for development. This article deals with some general matters of principle in this regard.

Vital for unity

First, Article 1 of the Constitution of India recognises India as a Union of States. The unity of India can be preserved only if there is real fairness and equity in the matter of devolution of powers and resources to the States by the Central government. The foremost objective of the Finance Commission is an equitable distribution of financial resources between the two units of the Union.

Even a cursory glance at the State List in the Seventh Schedule of the Constitution shows that in the allocation of duties between the Centre and the States, fundamental tasks of enhancing human development, income growth, livelihoods, and protecting and sustaining the environment are entrusted to the States. However, although these major tasks of nation-building are the duty of the States, the resources to finance them are substantially controlled by the Centre.

I emphasise this point: the States in India today neither have the resources to fulfil their tasks as laid down in the Constitution, nor do they have the right to raise such resources. The present situation is not because of the action or inaction of the States but is directly the consequence of Central government policy.

There is thus a great asymmetry in India's federal system. The Centre's capacity to mobilise resources is far greater than that of the States, but the latter are required to undertake development expenditures that far exceed their revenue generating capabilities. The Constitution of India entrusts the Finance Commission with the responsibility of addressing this anomaly. So the basic mandate of the Finance Commission should be seen as that of deciding an appropriate quantum of unconditional devolution of resources from the Centre to the States, combined with more specific grants.

The devolution of resources by the 15th Finance Commission assumes further significance in the current environment, in which the finances of States have received a double blow in the form of demonetisation and the Goods and Services Tax (GST). The freedom of States to raise resources has been restricted by the introduction of the GST. They now have hardly any major tax left with them to make a difference to State resources.

Demographic differences

Second, using the population data of 2011 as the base for tax devolution should not reduce the allocation of resources to States that have successfully reduced their rate of population growth. These States have incurred huge fiscal costs in order to achieve a lower population growth and healthy demographic indicators. They have made substantial investments on education, health and directly on family welfare programmes. Bringing down the rate of growth of population does not mean less expenditure for States. On the contrary, it creates new commitments by the States to those in the labour force and to senior citizens.

GETTY IMAGES/ISTOCKPHOTO

Many States of India today have achieved a replacement rate of growth of population or have gone below that rate in a short span of time. An immediate effect of this is a sharp rise in the proportion of elderly in the population. The care of the elderly is the responsibility of State governments. The enhanced costs of such care must be considered by the Commission in making its awards and in deciding the population criterion to be used.

Third, the current terms of reference go far beyond the constitutional mandate of the Finance Commission. Indeed, they intensify efforts to use the Finance Commission as an instrument of fiscal consolidation and to impose the ideological and economic agenda of the Central government on the States. It is not the task of a Finance Commission to recommend "road maps for fiscal management" or to impose its perception of what policies are good for the people of the States. That is for democratically elected State governments to decide.

Fourth, this blatant interventionism finds further and dangerous expression in a statement that should not find a place in any list of terms of reference, that is: "the Commission may also examine whether revenue deficit grants be provided at all." Revenue deficits are offshoots of the path of development followed by States and cannot be brought down in the short term. For instance, Kerala's human development achievements are built on its investments in the people – in social sectors, health and education in particular. Public expenditure on them is a large part of the government spending and it has not been easy to bring down revenue deficits despite higher tax efforts. To discontinue post-tax devolution of revenue deficit grants would go against the principle of cooperative federalism.

Fifth, the terms of reference explicitly privilege the "committed expenditures" of the Centre. We should request the Commission to affirm its constitutional status and responsibility by upholding federalism and fiscal autonomy of the States. The Finance Commission should not take a "residual approach" to the question of vertical devolution. The approach should not be that of distributing what is left over after providing for the requirements of the Centre.

Ideological agenda

Sixth, the terms of reference are unprecedented in asking the 15th Finance Commission to consider proposing performance-based incentives beyond those relating to fiscal responsibility, population and devolution to local bodies. This reflects the viewpoint and ideological inclinations of the Central government and is an attempt to micro-manage the fiscal domain of the State governments. Let us not forget that in many spheres of activity, States have set the agenda for development. These sectors include health, education, forest management, public distribution of food, agricultural production – the list goes on. Such development was not because the concerned States received Central incentives. Best practices were created on their own initiative.

Thus, for the Finance Commission to propose "measurable performance-based-incentives" is nothing short of an attack on the federal structure mandated by the Constitution. It is not the duty of the Finance Commission to venture into the realm of day-to-day governance. The elected governments of States will decide what policies are appropriate for our people.

It is also not for the Finance Commission to declare this or that policy as "populist". Any measure, from welfare pensions for the poor and weaker sections of the society to food assistance, can be termed as "populist" and recommended to be curtailed. This strikes at the root of a democratic polity in which State governments are free to implement welfare measures, albeit within conditions of fiscal responsibility.

The fiscal argument

Seventh, it is not correct that the fiscal space available to the Centre has shrunk following the 14th Finance Commission recommendations. The argument today that an increase in devolution from 32% to 42% led to a reduction of the fiscal space available to the Union government is not borne out by the evidence. In practice, when implementing the award of the 14th Finance Commission, the Union government cut allocations to several Centrally Sponsored Schemes in 2015-16. The cutback was almost equal to the increase received by the States as a whole on account of the rise in share of taxes and duties. Thus, there was no squeeze of the fiscal space available to the Union government, because it had protected itself. In fact, the total resources devolved from the Union to all States put together has been declining as a share of GDP for some years now. There is no ground for reducing the share of States in the vertical devolution. The presumption now appears to be that the relative responsibility for development is shifting from the States to the Centre. Such a presumption, if accepted by the Commission, would shrink the fiscal space of the States and expand that of the Union government.

India's great wealth rests in its diversity. To recognise this diversity is also to recognise that States will follow diverse paths of development. The Finance Commission must facilitate diversity and a democratic path of development by respecting principles of equity and fairness in allocating resources between the Centre and States in India.

Pinarayi Vijayan is the Chief Minister of Kerala

Building India's talent base

With limited resources and time, it is crucial for States to assess which skills policies will make the biggest impact

BJORN LOMBORG & SALEEMA RAZVI

When India found itself at the 103rd position in the recent World Economic Forum ranking of 130 nations on the preparedness of talent, it was just another indication of the skills challenge. In just five years, the government's skill gap analysis report estimates that an extra 40 crore workers need to be skilled, reskilled or upskilled. The current official estimate is that slightly more than half a crore people are being trained annually.

Measuring policy impact

Policymakers are responding swiftly. But with limited resources and time, which skills policies will make the biggest impact? New research commissioned by Tata Trusts and the Copenhagen Consensus Center for the India Consensus projects, 'Andhra Pradesh Priorities' and 'Rajasthan Priorities', helps answer that question for the two States.

No State has the resources to do everything. It is crucial to identify where decision makers can achieve the most good. The Copenhagen Consensus has worked with hundreds of stakeholders to identify the best policies in more than 40 different areas for each State, ranging from education and child marriage to agricultural performance and disaster management. Economists from India and around the globe are now analysing the costs, benefits and impacts of these policies.

In its totality, the new research will highlight for each State which policies can make the biggest difference for every rupee spent. But already the research casts a bright light on what can be done within a specific policy area. For example, three authors from the Sunay Policy Advisory have undertaken an analysis of three skills policies.

In Andhra Pradesh, the skills challenge is clear: more than 97% of the 21 lakh individuals expected to join the workforce between now and 2022 will be totally or partially unskilled according to the National Skill Development Corporation. To meet demand, Andhra Pradesh needs to skill about half its workforce (or 10.5 lakh people) entering the labour market by 2022. Andhra Pradesh has also undertaken an integrated skilling initiative, and the Andhra Pradesh State Skill Development Corporation (APSSDC) has been established as a public-private partnership with the hope of skilling two crore people in 15 years.

GETTY IMAGES/ISTOCKPHOTO

The new research can help policymakers by focussing on one important question: What is achieved with each additional rupee spent by A.P. on each skills policy?

SME loans

The first policy examined is the provision of loan assistance to small- and medium-enterprises (SMEs) to encourage expansion and job creation. This may seem a roundabout route to up-skilling, but as a powerhouse of SMEs (like many Indian States), Andhra Pradesh can create jobs by supporting their growth and development.

Research suggests that every rupee of loan will increase SME profit by about ₹0.89. Factoring borrowing costs, administration fees and default rates, it costs ₹16 for every ₹100 loaned. The researchers conclude that each rupee would generate benefits to the economy worth ₹5.6 – a solid return on investment.

But to compete on a global stage, Andhra Pradesh needs direct upskilling policies. One approach studied is apprenticeship schemes that combine vocational education with work-based learning. For the employer, the cost is ₹1.5 lakh, including salary, supervision, training and administration. The government spends another ₹0.2 lakh reimbursing employers and on marketing. The individual misses out on about ₹0.16 lakh in income during the apprenticeship. The total cost to everyone involved for one apprenticeship is approximately ₹1.9 lakh.

The employee receives a substantial income increase over her working life, worth about ₹11.2 lakh. The employer benefits to the tune of ₹2.2 lakh, by having a more productive and job-ready workforce, increased revenue, and savings from having to recruit. Total benefits are ₹13.4 lakh. Therefore, every rupee spent on a year-long apprenticeship programme is worth ₹7.2 to the A.P. economy. This is even stronger than supporting SMEs in generating societal benefits.

Finally, the authors look at expanding the current vocational training programme to incentivise more people to join. This is job-specific, technical and hands-on. A similar analysis is undertaken: this time, the cost for each apprenticeship, both public and private, is about ₹0.46 lakh.

The results are marked: an individual will earn ₹7.2 lakh more over her lifetime. This accounts for expected income growth as well as changing workforce participation and unemployment. The analysis reveals that benefits to society are 16 times higher than the costs. Spending ₹1 to generate ₹16 in benefits to society is a very compelling investment.

Demographics and economic realities differ for each State in India: research conducted for Rajasthan found that while skilling is broadly a good investment, the pay-offs are different. Vocational training, for example, has less of an impact than in A.P.

This research highlights the strong case for A.P. to invest more in expanding access vocational training programmes and the need to study the costs and benefits of skills policy options across India.

Bjorn Lomborg is President of the Copenhagen Consensus Center and Saleema Razvi is Senior Research Adviser for India Consensus

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.

'Fast' politics

The fast declared for Thursday, by the Prime Minister, BJP president Amit Shah and other party members can only be interpreted as a frantic step in the light of elections to Karnataka and, subsequently, to other State Assemblies before the big test in 2019. Mr. Shah's choice of site gives us a clue. Such instances have already devalued the concept and practice of satyagraha. The reason for Thursday's "ritual", namely, the impasse in Parliament, is too ludicrous to be even credible. Nobody knows what happened to the earlier step that was thought of by some BJP MPs that they would forgo their salary as atonement for money wasted in the washout of the session. Forgoing one's salary and fasting for a day are methods of escapism. There are even allegations that the ruling party "used" the AIADMK to ensure continuous disruption in both Houses. The public perception is that the washout is the collective failure of both government and opposition. . Democratic decency demands the resignation of at least the Minister for Parliamentary Affairs for the sorry state of parliamentary affairs.

P.R.V. RAJA,
Pandalam, Kerala

Numbing

The incident in Uttar Pradesh where BJP MLA Kuldeep Singh Sengar accused of raping a young woman in Uttar Pradesh is said to be roaming freely and the victim's father has died in custody only exposes the hollowness of the BJP's hackneyed claim in its "Beti Bachao-Beti Padhao" slogan. It has been made worse by Chief Minister Yogi Adityanath's decision to withdraw the rape case against former Union Minister Swami Chinmayananda. This betrays the insensitivity of the U.P. government to issues relating to women's dignity, honour and safety. While "encounter killings" of alleged criminals has become the order of the day in U.P., withdrawing pending criminal cases against BJP leaders bears testimony to the Adityanath government's total contempt for the rule of law, which he otherwise swears by every day.

S.K. CHOUDHURY,
Bengaluru

Cricket and Cauvery

The protests by fringe elements in Chennai just before the IPL cricket match between CSK and KKR on Tuesday night, and where spectators were harassed, were uncalled for ("Cauvery protesters play spoilsport as city hosts IPL", April 11). If their argument was that the sentiments of farmers should be respected and hence there should be no place for any form of entertainment, it was flawed. Why target an IPL match alone? Are these elements prepared to stop every form of entertainment such as film shows in theatres or even watching footage on mobiles/laptops and TV serials? When a group of farmers protested in Delhi, what were these elements doing in their support? There is no unity even among the people of Tamil Nadu for concrete action to achieve farmers' needs.

K. RAMALINGAM,
Chennai

MORE LETTERS ONLINE:
www.thehindu.com/opinion/letters/

CORRECTIONS & CLARIFICATIONS:

The opening paragraph of the report, "PM, Shah to fast tomorrow" (April 11, 2018) erroneously said Amit Shah would be fasting along with Prime Minister Narendra Modi and other party MPs on Thursday to protest against the impasse in Parliament. Actually, Mr. Shah would be joining a protest in Hubli-Dharwad.

The scoreboard that accompanied "Happy homecoming for Super Kings" (Sport, April 11, 2018) failed to mention that Dwayne Bravo (11 runs) remained "not out."

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