



How to rule Delhi

The SC clarifies an elected government cannot be undermined by an unelected administrator

In ruling that the Lieutenant Governor of Delhi has no independent decision-making power, and has to act mainly on the aid and advice of the Council of Ministers, the Supreme Court has restored the primary role played by the “representative government” in the National Capital Territory. Though seen as a Union Territory, Delhi was created as a separate category, with an elected Assembly with powers to enact laws in all matters falling under the State and Concurrent lists, with the exception of public order, police and land. This gave it a status higher than other UTs. The demand for full statehood has been around for many years now, but after the Aam Aadmi Party came to power the constitutional tussle between the two tiers of government has become an acrimonious battle between AAP and the BJP at the Centre. Until now, the situation was tilted in favour of the Centre because of the Lt. Governor’s claim that he had the authority to refer any matter to the President. The proviso that allowed him to make such a reference was used to block major decisions of the AAP regime. The Delhi High Court agreed with this two years ago, giving the impression that administrative decisions needed the Lt. Governor’s concurrence.

In a judgment that essentially reaffirms the constitutional position, the Supreme Court has ruled that the Lt. Governor has to ordinarily act on the aid and advice of the Council of Ministers. At the same time, it has retained the Lt. Governor’s powers to refer matters to the President for a decision. However – and this is the nub of the judgment – it has significantly circumscribed this power. The power to refer “any matter” to the President no longer means “every matter”. Further, there is no requirement of the Lt. Governor’s concurrence for any proposal. The ‘reference’ clause may give rise to conflict even now. However, the court has significantly limited its potential for mischief. It has not given an exhaustive list of matters that can be referred, but Justice D.Y. Chandrachud, in a separate but concurring opinion, has indicated that it could “encompass substantial issues of finance and policy which impact upon the status of the national capital or implicate vital interests of the Union.” Every trivial difference of opinion will not fall under the proviso. Overall, the verdict is an appeal to a sense of constitutional morality and constitutional trust among high functionaries. It has ruled out Mr. Kejriwal’s demand of full statehood, and the critical powers – over police, land and public order – still remain vested with the Centre. However, the court having stressed that the elected government is the main authority in Delhi’s administration, the controversies over the arbitrary withholding of Cabinet decisions may end, or at least diminish. The basic message is that an elected government cannot be undermined by an unelected administrator. The larger one is that the Union and its units should embrace a collaborative federal architecture for co-existence and inter-dependence.

Flood of despair

Mumbai’s capacity to deal with nature’s challenges is falling with every passing year

Mumbai is an efficient city in some ways, but this reputation depends on fair weather. It turns into a soggy mess with the arrival of a monsoon. This year the season has begun with the spectacular collapse of a pedestrian bridge on a crucial railway line in Andheri, causing injuries and overall urban paralysis. Not even a year has passed since the ghastly stampede on a foot overbridge at Elphinstone Road station, that took over 20 lives. The recurrent disasters involving infrastructure are proof of the indifference among policymakers to the city’s needs, even as they speak of a ‘global standard’ of living. It is fair to ask whether Mumbai is prepared, after the passage of a dozen years, to meet a disaster such as the July 2005 flooding caused by 99.4 cm of rain in a 24-hour period. The city continues to attract a large number of people looking for opportunity – the population rose from 11.9 million in 2001 to 18.4 million a decade later. But urban managers, led by the Brihanmumbai Municipal Corporation, have not invested enough in new infrastructure and have done a shoddy job of maintaining the old. If Maharashtra has to achieve higher rates of economic growth and touch an ambitious 10%, as Chief Minister Devendra Fadnis desires, Mumbai’s infrastructure planning should be in the hands of an empowered custodian who can secure the cooperation of all urban agencies.

A return to nature is needed to relieve Mumbai of its flooding woes. According to one estimate, the city’s Mithi river, blocked by debris and garbage, has lost about 60% of its catchment to development. The setting up of a Supreme Court monitoring committee has not helped much. It will take resolute measures to stop the release of sewage and industrial chemicals into the Mithi, and retrieve lost mangroves. A cleaner river connected to functional drainage can aid in the speedy removal of flood waters, and improve the environment. Yet, there are other basic challenges which are particularly worrisome to less affluent residents. In a 2015 study, the World Bank found that half of the poor did not consider moving out of flood-prone areas, because of the uncertainty of living in a new place with severe social disruptions and reduced access to education and health facilities. What this underscores is the need to make the best use of all available space, densify development where feasible, and improve conditions *in situ*. It is welcome that a joint safety audit with the IIT will be conducted on public infrastructure, in the wake of the bridge collapse. But such inspections must be regularly carried out and quick remedial steps taken.

The paradox of job growth

Besides the missing informal sector, over-estimation of output growth also offers clues



R. NAGARAJ

Are the latest employment estimates by the Central Statistics Office (CSO) factually correct? No. They are off the mark, and confined to the economy’s organised or formal sector, accounting at best for 15% of the workforce. Is there a paradox in high output growth rates and the marginal effect on employment? Probably not, if one acknowledges that GDP estimates (after the latest revision a few years ago) have apparently overstated domestic output growth on account of the infirmities in the methods applied and datasets used.

Between September 2017 and April 2018, says a CSO media release last week titled “Payroll Reporting in India: An Employment Perspective - April 2018”, the economy added 4.1 million new jobs in the formal sector. Apparently, these estimates supplement the data on organised sector employment that are reported regularly in the Economic Survey since the early 1960s, compiled by the Directorate General of Employment, Ministry of Labour and Employment.

The CSO release defines jobs as ones that provide at least one government financed (or mandated) social security benefit such as Employees’ Provident Fund (EPF), National Pension Scheme, or Employees’ State Insurance Scheme. NITI Aayog and official economists have also put out similar estimates since early this year, inviting widespread scepticism among knowledgeable people. As the formal sector accounts for just about 8-15% of India’s workforce (depending on the definitions used), the of-

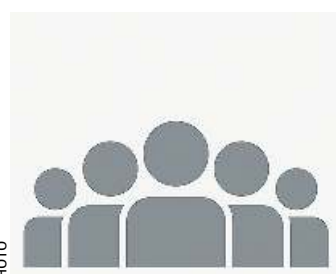
ficial estimates are completely silent about the majority of the workforce engaged in the informal sector.

Lack of credibility

Ignoring the tiny size of the formal sector for the moment, how reliable or credible are the official estimates? Very little and for two reasons: the estimates are based on administrative records of implementing the social security schemes, whose completeness, consistency and accuracy are unknown; and since a formal (organised) sector worker, in principle, can legitimately access (or subscribe to) more than one social security scheme, double counting is a distinct possibility. The release does not explain how the problem is addressed in the database. Therefore, rightly, experts have demanded the release of the administrative data for independent verification.

Moreover, the official data suffer from a conceptual problem. The social security databases, by design, are lists of workers enrolled in the schemes, as an entitlement or as voluntary subscribers – not employment registers. These schemes are applicable to establishments above a certain size (of employment), and to certain kinds of enterprises. For instance, in the factory sector, those employing 20 or more workers are mandated to provide EPF to all the workers (with a matching contribution by the employer). So, if in a factory, employment goes up from 19 to 20 workers, it comes under the purview of the EPF, to be provided to all the 20 workers. Thus, the EPF enrolment increases by 20 workers, but the additional job created is just for one worker. Herein lies the fault.

Historically, evasion of EPF by employers is widespread, given poor enforcement of labour laws. The present government, in its efforts to formalise employment,



GETTY IMAGES/STOCKPHOTO

has incentivised employers to enrol workers under EPF by offering to make employers’ contribution to the social security scheme for three years, thus boosting enrolment. Maharashtra, for instance, as an additional labour welfare measure, has widened the ambit of EPF to include all power-loom workers (irrespective of the size of the enterprise), boosting formal sector employment. Such measures, however temporary, may enlarge the formal sector size but cannot be counted as new jobs created. Hence, the official measure is flawed.

A comparison

The formal sector stands at the apex of India’s labour market pyramid, agriculture being at the bottom, employing 50% of the workforce. The remaining workers are in the non-farm informal sector, spread across rural and urban areas. In fact, it is this sector that has grown in recent decades at the expense of the other two sectors mentioned above. Moreover, nearly half of the informal labour workers are self-employed in household (or own account) enterprises, often engaging unpaid family labour. Varying degrees of underemployment or disguised unemployment are the defining feature of informal labour markets.

Since 1972-73, the five-yearly

Employment-Unemployment Surveys (EUS) conducted by the National Sample Survey (NSS) have been the mainstay for analysing labour market trends. Though infrequent, the database has served a valuable purpose of capturing the complexities of the labour market; access to household-level data lately has spawned rich and granular analyses of the informal economy.

As the last round of the EUS was in held in 2011-12, there is no reliable way of updating employment trends. The EUS has been replaced with an annual Period Labour Force Survey, and a time use survey. However, it will be a while before these data series come up with stable and credible estimates.

The Labour Bureau under the Ministry of Labour and Employment has been carrying out household surveys somewhat similar to the EUS since 2010-11. They show a decline in worker-population ratio between 2013-14 and 2015-16, suggesting a deteriorating employment situation recently (the estimates for 2016-17 are apparently withheld).

Some answers

Why are so few jobs created when the economy is said to be growing at over 7%? An answer is that GDP growth figures are probably overestimated on account of the mis-measurement of GDP in the new National Accounts Statistics (NAS) series (“Why 7.6% growth is hard to square”, *The Hindu*, February 12, 2016). The economy is probably growing much slower. The faulty barometer of economic well-being seems to be misleading the nation.

For instance, in manufacturing, in the last few years, the growth rates reported by the Index of Industrial Production (IIP), and the Annual Survey of Industries (ASI) are consistently lower than those reported by GDP in manufacturing, suggesting an overestimation

of manufacturing value added in the NAS. Demonetisation and the Goods and Services Tax (GST) seem to have dented informal sector production and employment, which official data sources seem in no position to capture.

The CSO’s press release has claimed that 4.1 million new jobs were created in the economy’s formal sector during eight months since last September. It is based on enrolment of additional workers under state-provided (or mandated) social security schemes. The claim seems questionable on empirical and conceptual considerations. Empirically, there is a possibility of double counting of workers. Consistency and accuracy of the administrative datasets have not been publicly established. Conceptually, the data are about enrolment in the social schemes, not about new jobs generated. The recent rise in the enrolment is probably on account of an expanded coverage of the social security measures by incentives to employers, and the mandated expansion of the coverage in States like Maharashtra.

The official claim is about the formal or organised sector, which at best counts for 15% of India’s labour force. In the absence of a nation-wide, time-tested EUS data for recent years, there is no way of knowing what is happening in agriculture and the non-farm informal sector, accounting for 85% of the workforce.

The paradox or mystery of poor employment growth and high GDP growth disappears if one concedes that the recent output growth rates are probably overestimated after the latest revision of the National Accounts Statistics a few years ago, on account of the questionable methodologies and databases used.

R. Nagaraj is with the *Indira Gandhi Institute of Development Research, Mumbai*

Freedom from being ‘India-locked’

After his visit to China, Nepali Prime Minister Oli continues to ride a populist wave



SUJEEV SHAKYA

In Nepal, after Prime Minister K.P. Sharma Oli returned from China last month, his second trip – but also his first as a leader of a coalition that commands a two-thirds majority in Parliament and has governments in six out of seven provinces – the visit was hailed as a great success. With so many media houses affiliated to the current ruling coalition, no stone was left unturned to broadcast it.

Towards China 2.0

This visit had much significance as Mr. Oli had made his first visit as Prime Minister to China in March 2016, as Nepal was just recovering from the Indian blockade that had paralysed lives. Whipping up anti-India sentiments as Nepali nationalism has been common since the Shah Kings and Rana rulers, but

the blockade of 2015 was different. Nepalis, who had been hit by a major earthquake in April 2015, were still recovering. And India’s blockade, coming against the backdrop of Indian reservations about the constitution Nepal was adopting, changed the course of bilateral relations. An entire generation of young Nepalis, who were already alienated from India due to the opening of newer education destinations, saw the blockade as a move against a neighbour which had not got its act right.

Nepal has historically remained ‘India-locked’, rather than being termed landlocked, as it is dependent on India for transit to the seas. Being landlocked is not much of an issue as one can get sea-locked, like the Maldives, but to be completely dependent on a single country for transit rights now became an issue to resolve. During his visit to China in 2016, Mr. Oli, for the first time, managed to push the agenda of a trade and transit agreement with China on the lines with special agreements with India. This trip was to consolidate the moves made two years ago.

With the U.S. receding into its



REUTERS

own cocoon, globalisation on the world stage was captured well by China in 2017. It became the enabler of connectivity, world trade and dependency as it pushed its Belt and Road Initiative (BRI) in a hurry. Many analysts say that if it were not for the U.S., the BRI would not have been introduced so early. With Southeast Asia well covered and inroads made in Pakistan, Sri Lanka and Bangladesh, for China, Nepal is the obvious next country for engagement. With India opting out of the BRI, Nepal continues to remain the best conduit for Indian markets for China. Mr. Oli understands this well and has played his cards accordingly.

Therefore, Nepal will be con-

nected with China through a railway network in addition to roads. While optical fibre cables already connect Nepal and China, transmission lines will connect the two countries, providing Nepal a much needed alternative to sell excess power. Rail and road networks will also provide Nepal an alternative for petroleum products that continue to remain the highest imported product.

Nurturing the alternative

When one is tired of bad service at a restaurant, it is obvious that one will start looking for alternatives. For Nepal, nurturing the relationship with China is a similar case. It is more out of compulsion than choice. China has continuously maintained and maintains that Nepal’s economic connectivity issues with India are more cost effective than with China and has advised Nepal to work with India. We are yet to see this stance change dramatically.

Therefore, now the onus is on India to rethink on a long-term basis how to recalibrate its relationship with Nepal. Nepal is a place of opportunity for people from the

border towns of India. The impact of the Nepal blockade in Indian border towns was so intense that it forced Indian traders to tap their own channels to end it. The perspective has to change in New Delhi to factor in Nepal’s concerns on the open border.

India needs to also realise the new reality that its monopoly over geopolitics in Nepal is over, and there is another relationship that Nepal is nurturing. This comes at a time when there is a sense of hope among the Nepali people, who are experiencing a semblance of political stability after years of insurgency and then of political transition. It is time for India to be proactive and redefine its engagement rather than continue to be reactive. The way India has been flexible with the Eminent Persons Group (EPG) meetings is a good signal. India needs to continue to understand that there is another opportunity to rewrite bilateral and geopolitical history. It should not be squandered.

Sujeev Shakya is the author of ‘Unleashing Nepal’ and Secretary General of the *Himalayan Consensus Institute*

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.

‘Consult UPSC’

The Supreme Court’s directive restraining State governments from appointing Directors-General of Police without first consulting the Union Public Service Commission will make the entire selection process not only transparent but also corruption free. The UPSC has an impeccable record in the recruitment and selection processes for various key posts; such a move will only promote excellence, transparency and credibility (“Consult UPSC for selecting police chiefs, SC tells States”, July 4).

DIKSHA PANT,
Dehradun, Uttarakhand

■ It is a good move but there are still larger issues that come into play in the structural domain of the police. After this vital first step, what is needed is ‘root and branch’ reform that extends to the lowest ranks in the police, a section that is most vulnerable to external

influences. There must be a significant restructuring of the policies that govern the fundamental mechanisms in the police force.

PRINCE KRISHNAN,
Muttara, Kollam, Kerala

■ There have been a number of cases where officers have discerned deliberate political interference in top bureaucratic appointments. Every political party in power wants to have its ‘yes men’ in crucial posts so that the administration can be directed to operate without a hitch. This has given rise to sycophancy whereby officers try to work to impress their political masters rather than serve the public faithfully. Furthermore, in institutions such as the police force, such practices are informally institutionalised. Every State government wants a complete hold over law and order so that it can not only leverage its position but also use it to misuse power. The Prakash Singh guidelines given by the Supreme Court need to be implemented in

letter and spirit.

GAGAN PRATAP SINGH,
Noida, Uttar Pradesh

Forming a front

The Opposition seems to be left with no choice but to take baby steps in forming a grand alliance (OpEd page, “The Wednesday Interview” – “A pre-election Mahagathbandhan against the BJP is unlikely”, July 4). The reality is that the Opposition is in disarray; there is no meeting of minds among the many leaders, with each one perceiving himself or herself to be the first among equals. Unless there is a merger of a few like-minded secular Opposition parties into a composite unit, a loosely knit Opposition will always be looked at with suspicion by the common man. As far as the BJP is concerned, five years is too small a period to judge its performance.

SUBRAMANIAN VENKATRAMAN,
Chennai

■ Prime Minister Narendra Modi is not far off the mark

when he says that the only aim of Opposition parties is ‘Modi hatao’ and nothing more.

Though surveys have shown that the BJP could be slipping, the odds still seem to be in its favour.

C.V. ARAVIND,
Bengaluru

Still relevant

It is quite rare for someone to be still respected and remembered as poet-saint Kabir is. His *dohas* are still relevant today as they were when he wrote them, transcending the bounds of time. His secular perspective on religion is evergreen. It is pertinent to follow his thoughts today in these times of turmoil (Editorial page, “A faint resonance”, July 4).

NEELESH KUMAR,
Chennai

The other side

It is sad to see a serving IAS officer’s pure discontent over what she is (Open Page, “The philosophy of power and prestige”, July 1). While the points she has brought forth

might have an element of truth, I strongly believe that there is also the ‘other side’. There are several IAS officers and from other domains of the bureaucracy who have been more than mere officers of the Government of India. While it is completely unfair to generalise that the IAS fraternity is “guarded”, I still believe that the steel frame hasn’t “rusted” as yet.

S. RAMALINGAM,
Chennai

Tennis moves

ACROSS 2017 and 2018, Roger Federer and Rafael Nadal have had all the Grand Slams, with Novak Djokovic

CORRECTIONS & CLARIFICATIONS:

A sentence in the report, “Cauvery authority directs Karnataka to release water to T.N., other States” (July 3, 2018), read: “Mr. Husain said the CWMA had directed Karnataka to release 34 tmcft from the Biligundulu site.” It should have been 27.14 tmcft.

In the Editorial page article “A faint resonance” (July 4, 2018), artist Gulam Mohammed Sheikh’s name had been misspelt as *Ghulam* Mohammad Sheikh.

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers’ Editor’s office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers’ Editor, The Hindu, Kasturji Buildings, 855 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers’ Editor are on www.thehindu.com