



Texan outreach

Though both leaders gained from the Houston rally, it was not diplomacy at its best

The Houston gathering of the Indian diaspora in the U.S. on Sunday addressed by Prime Minister Narendra Modi and U.S. President Donald Trump was a resounding success in meeting its stated and implied objectives. Mr. Modi has drafted Indian diaspora communities in several countries for advancing his strategic objectives. The diaspora in the U.S. is of pre-eminent significance given its increasing political heft and the centrality of the U.S. in India’s strategic architecture. Mr. Trump’s appearance at the rally and his effusive support for India were a reflection of the community’s influence in U.S. politics. He named fighting “radical Islamic terrorism” as a key common interest of the two countries, spurring a standing ovation by the audience, including Mr. Modi. Mr. Trump also emphasised border security, a controversial topic in both democracies. Mr. Modi presented the ending of autonomy for Jammu and Kashmir to the cheering crowd as a significant achievement of this government. The rally galvanised the diaspora in support for Mr. Modi’s politics in India, and enticed Mr. Trump.

The rally’s unintended outcomes could be more complex. The massive movement of people across national borders has created diasporas that, in turn, have created new political forces. This is a particularly sensitive component of global politics. Its enthusiasm for India notwithstanding, aspirations of the diaspora and the priorities of India don’t necessarily converge. Drawing its members too deep into India’s domestic politics, and India’s involvement in their politics, are both fraught with risks. Mr. Modi nearly endorsed Mr. Trump’s re-election bid, and the jamboree was unprecedented for the divisions it created among the diaspora. Civil rights groups and groups of Kashmiris, Dalits and Muslims, who have been critical of Mr. Trump, also called out the Modi government for its policies. Democrats by and large took a dim view of the event, and the audience and Mr. Modi greeted Majority Leader in the House of Representatives Steny Hoyer’s reminder that India drew on its strength of Nehruvian secularism with stony silence. Mr. Trump’s implied endorsement of Mr. Modi’s Kashmir policy was music to the ears of those in the audience, but the underlying principle of his America First nationalism that it has no role to play globally other than protecting its own interests could lead to outcomes not to India’s liking. The absence of four of the five Indian-American members of the U.S. Congress – all Democrats – at the gathering was also noteworthy. The transposition of India-Pakistan rivalry into a contest between the two diasporas is also unpleasant. Despite what Houston achieved for the two leaders, a line may have been crossed in the mixing of partisan national politics with international diplomacy.

Credibility deficit

The Justice Kureshi episode raises fresh questions about the Collegium’s role

In modifying its recommendation concerning Justice A.A. Kureshi, the Supreme Court Collegium appears to have succumbed to pressure from the Union government. Modifying its resolution of May 10 that the senior judge be appointed Chief Justice of the Madhya Pradesh High Court, the Collegium has now decided to send him to the Tripura High Court. It was quite apparent that the Centre was averse to the elevation of Justice Kureshi, who is from the Gujarat High Court, but serving in the Bombay High Court on transfer. The government did not act on the recommendation for months, raising the suspicion that it was blocking his appointment. The Collegium modified its decision after considering letters from the Department of Justice on August 23 and 27, and “accompanying material”. It is not known if the controversy has ended. It is possible that the Collegium and the Centre have arrived at a compromise under which the government drops its opposition to his appointment as Chief Justice on the condition that he is sent to a smaller high court. However, until his appointment as head of the Tripura High Court is notified, there will be a lurking doubt on whether the latest resolution is in line with the Centre’s approval. Under the current procedure, the Collegium may reconsider a recommendation, but the government is bound to implement a decision that is reiterated.

It is quite acceptable if the Collegium and the government resolve their differences through consultation and correspondence, but the final decision should not be opaque, mysterious and indicative of executive pressure. It is common to charge the Collegium with lack of transparency, but in this case, the government is equally guilty. If the Law Ministry had a bona-fide objection to Justice Kureshi, it could have disclosed its opinion on his suitability. The failure to do so has the inevitable consequence of the public imagination concluding that the ruling party is blocking his elevation because of judicial orders he had passed while serving in Gujarat. As for the Collegium, it is unclear why it could not have disclosed what the government had wanted in its communications. This episode makes a dent in the prevailing narrative that the Collegium system is a shield against executive interference in judicial appointments. The time may have come for the two sides to come up with fresh clauses in the existing procedure of appointments under which the Collegium’s decisions are implemented within a time-frame, and the government’s objections and reservations, if any, are made public. Only then can the credibility deficit be bridged. But, even so, what is indisputable is that the Collegium system is deeply flawed, and is in need of urgent remedy.

Making the grand Indian PSB mergers work

Only a visionary leadership can bring the efficiency parameters of the merged entities in line with those of private banks



R. KRISHNAMURTHY

The initial enthusiasm of market analysts to the bank merger announcement is giving way to wariness and scepticism. There is a feeling that the potential benefits would take several years to show up and, meanwhile, the turbulence in the banks could take a toll on the real economy.

The merger move demonstrates once again the lackadaisical approach of policy planners in implementing sensible banking reforms in Public Sector Banks (PSBs), first mooted by the Narasimham Committee more than a quarter century ago. While the committee had cautioned against merging weak banks, the government has ended doing precisely that. The consolidation should have been a gradual and calibrated exercise resulting in a smaller number of well-capitalised and professionally managed PSBs with a sound governance structure. Instead, what has come is a shotgun ‘reform’ decision at a time when PSBs are in deep malaise.

A key concern about merging the ten PSBs into four in one stroke is a lack of clear articulation of the rationale behind bringing disparate and weak banks together, some of whom were still under the Reserve Bank of India’s Prompt Corrective Action (PCA). Further, such merger announcements generally trigger confusion, anxiety and insecurity in staff, leading to a slowdown in business. When decades-old brands are sud-

denly obliterated, there is widespread dismay. Poor communication within PSBs exacerbates the challenges. The smooth manner in which SBI merged five of its associate banks (ABs) in 2017 is not a relevant example in this regard. SBI had managed the ABs over the years with its own senior team, and all associates had already been functioning on common technology platform. In fact, left to its own, SBI would have preferred a gradual acquisition. The merger was forced upon it in the worst year of its history.

Reversing decline in returns

The efficiency gains from the mergers for large PSBs would be largely illusory in the absence of a sound management with a vision for the future. The post-merger scale economies that large international banks seek to achieve with ruthless measures are not feasible in India. Our objective should be to create bigger PSBs that can mirror the efficiency parameters of leading private sector banks here. The chief goal should be to reverse the decline in the PSBs’ Return on Equity (RoE) after investing considerable sums in bringing them on a common technology platform, and introducing better risk management measures. The merged entities should become agile and capable of meeting the challenges in retail and mass market segments from private players and open banking sources.

To smoothen the merger process, six measures may be worth considering. First, it needs to be ensured that there is no leadership vacuum in the anchor banks. Mergers require strong skills in thought leadership, results leadership and people leadership. The

technical skills needed for integration planning, transforming business support functions and value build-up have to be cultivated. There is a strong need to revamp Human Resources (HR) practices and culturally integrate the expanded workforce through sustained training initiatives.

It is vital to give the current heads of anchor banks a three-year term, or a tenure that lasts till the incumbents reach the age of 62 years, to avoid uncertainties in managing the transformation, and to enable the chiefs develop a second line. It is equally important that the top leadership comes from within the banks based on performance. The practice over the years of shuffling senior executives from one PSB to another has done more harm than good.

Second, there is a need to recruit professionals from the market in key areas of technology, HR and risk management, in all of which PSBs are grossly under-equipped. Such recruitments should obviously be at market pay, which is the norm in joint ventures promoted by PSBs such as SBI.

Training the front-line staff

Third, PSBs should not be found wanting when it comes to recruitment and training of front-line staff. There is a fear that the ‘merger wave’ may sink fresh hiring. While there will be rationalisation of headcount due to voluntary exits spurred by relocation and other compulsions, many staff members moved across their former banks may be less than suitable for the new roles. A buoyant exercise of recruitment and training is vital.

Fourth, the government should actively plan steps to offset a possible slow expansion in bank credit



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in the near term. There is a decelerating trend in loan approvals by PSBs, as brought out in the last RBI report on Trend and Progress of Banking. More risk aversion on the part of bankers, coupled with their internal preoccupations, could further slacken credit growth. Loan melas and directed lending measures would not be the ideal solution. Instead Non-Banking Financial Institutions (NBFCs), which have a better understanding of the market needs, need to be tapped to ensure better credit flow. In terms of size, NBFCs are about 15% of the combined balance sheet of all banks. They should be enabled to step in more actively to fill the gap in funding Small and Medium-sized Enterprises, which are facing real issues as regards credit availability.

Here, it may be good to consider expanding the scope of the partial credit guarantee scheme announced in this year’s budget to cover all NBFCs treated as Asset Fi-

nance Companies, instead of restricting it to the top-tier NBFCs, which any way have access to multiple sources. The proposed six-month guarantee could also be raised to two years to build a sustained momentum.

Further, the Credit Guarantee Fund Trust for Micro and Small Enterprises managed by SIDBI may be revamped to assist more NBFCs. Drawings by NBFCs constitute just 7% of the disbursements made so far, and smaller firms are not even aware of this option.

Ownership tangles

Fifth, the government should resolve the tangles in the ownership of the merging PSBs in insurance, asset management and other ventures. Some ventures involve foreign partners, and some are market-listed. The anchor banks should be free to take the best course that would optimise the value of such investments.

Lastly, the government should consider converting a few ‘weak’ PSBs outside the merger into regional banks. This was one of the recommendations of the Narasimham Committee. Banks such as Bank of Maharashtra and Punjab and Sind Bank that have spread manpower, network, and resources thin could be turned into vibrant regional institutions to serve agriculture, trade and commerce.

While such consolidation can result in handsome productivity gains, what matters is the quality of execution by a stable and committed leadership, aided by a shrewd and benign ownership.

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Climate justice through judicial diktat

The Supreme Court has erred in the Maradu case by placing the liability squarely on the apartment owners



MATHEW IDICULLA

A Supreme Court order for demolishing a set of apartments in Maradu, a suburb in Ernakulam, has caused a legal and political crisis. The deadline for demolishing the four backwater-facing high-rise apartments ended last Friday. However, the 350-odd families residing there have refused to move.

On September 11, while the rest of Kerala gorged the quintessential Onam *sadhya*, residents of these four complexes were on a hunger strike at the Maradu Municipality office. They have now gained wider support with all major political parties, including the Congress, the Communist Party of India-Marxist (CPI-M) and the Bharatiya Janata Party (BJP) opposing the demolition. After dithering initially, Chief Minister Pinarayi Vijayan has stated that his government will pursue all options to protect the residents.

In 2006, the Maradu panchayat had granted building permissions for constructing the apartments. However, after a directive from the local self-government department, the panchayat issued a show-cause notice to the builders

for violating Coastal Regulatory Zone (CRZ) rules. The builders got a stay order from the Kerala High Court in 2007 which allowed them to continue construction. The High Court ruled in favour of the builders stating that they can’t be held responsible for the failure of local authorities to comply with statutory provisions.

After a Division Bench upheld this verdict, the Kerala State Coastal Zone Management Authority (KCZMA) approached the Supreme Court, which constituted a three-member panel to examine whether the buildings violated CRZ norms. Based on the panel’s report that the buildings fell within CRZ-III, the Supreme Court on May 8 ordered the demolition of the apartments. After dismissing the review petitions, the apex court on September 6 ordered the demolition to be completed by September 20.

On Monday, during a suo motu hearing on the lack of action on the part of the State in carrying out its order, the apex court pulled up the Kerala Chief Secretary, accusing the State authorities of “playing with nature”.

Blind spots and concerns

The case raises multiple concerns regarding environmental governance and adjudication. Even the key question of whether the apartments fall within CRZ-III, which would prohibit construction with-



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in 200 metres from the High Tide Line, or the less restrictive CRZ-II is unsettled. The three-member panel appointed by the Supreme Court stated that as per the CRZ notification of 1991 and the Kerala Coastal Zone Management Plan, 1996, the area in question came under CRZ-III. Maradu became a municipality in 2010 and consequently, the 2011 CRZ notification categorised it under CRZ-II, though the Union Environment Ministry approved this only in February 2019.

The Court held that since at the time of construction, the area fell within CRZ-III, these were unauthorised constructions. The Court adopted a narrow view by merely examining the bureaucratic categorisation and ignored that the construction was based on permission granted by the local government and orders of the High Court. While the Kerala High Court held that permit holders shouldn’t be made liable for the

regulatory oversight of local authorities, the Supreme Court did not address this question.

The process of adjudication through a three-member committee also raises questions since it further delegated the task to another technical committee, which the residents allege, did not give them a fair hearing.

This case reveals the court’s massive blind spot: the real-world implications of its verdict. The order cryptically states “let all the structures be removed forthwith within a period of one month from today” without clearly stating who should undertake the demolition.

Alarming, the court is silent on the fate of the owners and residents of the apartments. Unlike most judgments on evictions, the court does not pronounce on the question of rehabilitation or compensation for those who would lose their homes.

A technocratic approach

While the demolition is ostensibly for protecting the environment, the Supreme Court order doesn’t sufficiently explain how the constructions in question damage the environment. Instead of a jurisprudence on environmental justice, it adopted technocratic proceduralism for arriving at its verdict. Ironically, more serious environmental damage is likely to be caused by the demolition of the apartments. A report by IIT-Ma-

dras has highlighted that air pollution caused by the demolition would pose severe health hazards to those residing nearby, besides the long-term environmental costs of the debris generated. Fearing the “collateral damage” of the demolition, a person residing close to the apartments has filed a petition in the Supreme Court opposing the unplanned implosion/explosion of the buildings.

The case highlights the pathologies of executive and judicial decision-making on environment and urban development in India. While State authorities and courts were complicit in allowing the buildings to be constructed in the first place, liability is now being placed squarely on the apartment owners. In some regards, it is a continuation of the jurisprudence based on court-appointed committees rather than hearing affected parties that resulted, especially in Delhi, in the demolition of numerous “illegal slums”. This logic has now come back to bite the middle class. For environmental justice, what we need is a strong environmental governance system that enables all stakeholders to prevent violations instead of the court becoming India’s new demolition man.

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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.

To America, in pomp

In its appearance, the ‘Howdy, Modi!’ event in Houston was a big success. It made for a magnificent spectacle and a visual treat. Prime Minister Narendra Modi was in his element and his address delivered to the rapturous applause of the audience was an exercise in grandstanding. However, only by looking at India through rose-coloured spectacles can we agree with Mr. Modi’s assertion that “everything is fine in India”. Seeing impoverishment, joblessness, farmer distress, mob lynchings, jailing of dissenters and the like and speaking about them are nowadays left to ‘anti-nationals’ and ‘urban Naxals’. One thing that Mr. Trump and Mr. Modi – leaders of predominantly Christian and Hindu

nations – share and makes them look similar is their conscious dissociation from Islam. Their allusion to ‘extremist Islamist groups’ as the common enemy and threats from them was not lost on anyone. Mr. Modi opined that Article 370 “benefitted separatists and terrorists”. But he did not explain as to why its dilution by a two-thirds majority in the Parliament was followed by repressive measures and restrictions in the Valley. We couldn’t agree more with Modi when he said, “Diversity is the strength of our democracy.” To add to what he said, it is the defining feature of our democracy.

G. DAVID MILTON,
Maruthancode, Tamil Nadu

■ Let us ask an honest question: What was achieved through this cleverly

choreographed extravaganza? Two world leaders who are supposed to be the representatives of the two largest democracies met with much fanfare and pomp. In fact, neither Mr. Modi nor Mr. Trump today actually symbolise what the real India or the real U.S. is meant to be; they represent a grossly distorted view of their countries. True, they are both elected leaders; but that does not add credibility to their authoritarianism. Mr. Trump represents the deep-rooted bigotry of white supremacy while Mr. Modi represents extreme polarisation based on the ideology of Hindutva. Thinking citizens of both the countries will pause before jumping on the populist bandwagon of such glamour and glitter.

DR. K. VARKEY,
Dindigul, Tamilnadu

■ In tune with popular Telugu proverb *Inta gelichi rachcha geluvu* (which means, “First win at home before conquering the world”), Mr. Modi needs to address first the nation’s burning issues such as economic slowdown, falling GDP and rupee and increasing unemployment, farmer suicides, bad loans in banks and so on. Let us see how celebrations and speeches in the U.S. bring investments to India to resolve its issues.

KSHIRASAGARA BALAJI RAO,
Hyderabad

Dynastic politics

Union Home Minister and BJP president Amit Shah has appealed to voters to choose between nationalistic parties, such as his party and family-oriented parties, such as the Congress and the Nationalist Congress Party, in

the Maharashtra Assembly election (Front page, “Choose Nationalistic parties, says Amit Shah,” Sept. 23). In Maharashtra, the BJP’s principal ally is the Shiv Sena which is a family-oriented party. Will Mr. Shah tell the voters there not to vote for Shiv Sena candidates in the forthcoming Assembly election? Does he remember that in Punjab, the Shiromani Akali Dal, another family-oriented party, is his outfit’s alliance partner?

C.G. KURIAKOSE,
Kothamangalam, Kerala

A new paradise?

Mr. Modi recently said “Let’s build a new paradise in Kashmir.” But what’s happening in Kashmir is the exact opposite. The Army has an iron grip over the people. The Internet is the lifeblood of administration and economy worldwide. By

shutting it down, the whole of Kashmir has been isolated. With the IT industry, a strength of India, not being able to function in the Valley, I wonder what paradise Mr. Modi talks about. Unemployment is at a record high in the whole of the nation. Will it magically fall in Kashmir after the abrogation of its special status? If the IT companies in the valley are closed, the number of unemployed youth is only going to grow. It is being repeatedly demonstrated that the government’s act of unilaterally changing the status of the erstwhile State was not a pragmatic move (“Kashmir Valley’s IT hub gasps as Net shutdown continues,” Sept. 23).

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