



Friends

With three disgruntled allies, the BJP is struggling to hold its partners together

Alliances are needed most in wartime, even if they are best made in peacetime. The Bharatiya Janata Party does not depend on the numerical strength of any alliance partner for its survival in government at the Centre, but it could well need all the help it can get in 2019 for the next Lok Sabha election. In the south, where it requires electoral partners the most, the BJP counts only on the Telugu Desam Party in Andhra Pradesh, but the strains are beginning to show on this long-standing friendship. Suddenly, the BJP finds itself having to deal with a belligerent TDP, which is under some political pressure to demonstrate to its support base that it is doing all it can to get the best deal for the State from the Centre. Also, the glue that bound these two parties earlier – that of anti-Congressism – is wearing somewhat thin now. After the founding of Telangana, the Congress is no longer the TDP's principal rival in Andhra Pradesh, with the YSRCP under the leadership of Y.S. Jaganmohan Reddy having emerged as a powerful political player. The TDP is painfully aware that the old relationship notwithstanding, the BJP may see the YSRCP as a potential ally, a party that it can do business with if the circumstances so demand. As things stand, Andhra Pradesh Chief Minister N. Chandrababu Naidu is reluctant to snap the tie. But it will be no surprise if he continues to ramp up pressure on a BJP that has been put on the defensive thanks to the mauling in the Rajasthan by-elections and the growing disaffection among a couple of its other allies.

In Maharashtra, the Shiv Sena has been on a confrontation course for some time now, and in Punjab the Shiromani Akali Dal has recently turned just short of hostile. The reasons for the strain in each of the three States are of course very different. In Maharashtra, the BJP and the Shiv Sena court a similar political constituency and to a large extent each can grow only at the expense of the other. This contradiction between being an ally at one level and a rival at another level is a source of perennial strain, which is why both parties prefer a post-electoral tie-up, as they did after the Assembly election of 2014, to a pre-election alliance. In Punjab, the BJP and the Akali Dal occupy different political spaces. While the former is no threat to the latter, the Akali Dal is chafing at what it sees as step-motherly treatment meted out to it. If in Andhra Pradesh the BJP has a choice of allies and if it is better off without one in Maharashtra, the situation in Punjab is different inasmuch as the Akali Dal remains its best bet. The BJP may not need to rethink all its alliances, but it must rework its relationships with its allies if it wants to head a strong coalition of forces in 2019.

Winter cheer

There is as much politics around the Winter Olympics as enthusiasm about sport

The Russian doping scandal continues to cast a long shadow over international sport as the 2018 Winter Olympics begin in PyeongChang, South Korea, on February 9. In December, the International Olympic Committee banned Russia from competing in the Games following investigation into an alleged state-sponsored doping programme at the 2014 Winter Olympics in Sochi, Russia. The decision to ban Russia came after the IOC's Disciplinary Commission, headed by former president of the Swiss Confederation Samuel Schmid, confirmed "systemic manipulation of the anti-doping rules and system in Russia". The IOC had stated, however, that clean Russian athletes would be allowed to compete as neutrals and last month invited 169 of them – each to be known as Olympic Athlete from Russia (OAR) – to participate in the PyeongChang Games. The announcement did not go down well outside Russia, even though the IOC declared that "more than 80%" of those athletes had not competed in Sochi and had been carefully vetted. That the OAR will form one of the largest contingents at the Games, although there will be no place for the Russian flag and anthem, makes the 'ban' seem a bit of a farce. Further, Russian athletes could be allowed to march under their own flag at the closing ceremony if they comply with the IOC's conditions during the Games. There is a sense that the IOC is not able to punish a sporting superpower like Russia.

Last week, there was more outrage after the Court of Arbitration for Sport overturned lifetime bans on 28 Russian athletes sanctioned by the IOC following the investigation into Sochi 2014. The IOC expressed its own frustration at the decision, noting that it "may have a serious impact on the future fight against doping". Proceedings in PyeongChang over the next fortnight will be watched keenly also for other reasons. The little-known host city, which sits some 80 km from the border with North Korea, will bear witness to on-field displays of bonhomie between the neighbours. The two nations will march together at the opening ceremony under a flag representing a unified Korea, and will field a combined women's ice hockey team. The joint team lost to Sweden in a practice game this week and there are questions over how the two sets of players will get along, but with supporters of both countries cheering their side on together in a time of escalating political tensions, scorecards seem immaterial. North Korea has agreed to field 22 athletes in three sports and five disciplines and is expected to send hundreds of delegates and cheerleaders across the border. India, meanwhile, will be represented by luger Shiva Keshavan, competing in his sixth and probably last Olympics, and skier Jagdish Singh, taking part in his first. Keshavan has been the torch-bearer for winter sports in India for a long time; he will hope for a happy Olympic swansong.

The manufacturing muddle

Without closing the loop of consumer demand and supply, neither GDP growth nor job growth will quicken



SANTOSH MEHROTRA

The Union Budget has reinforced the correction of the inverted duty structure (IDS) which has adversely impacted manufacturing for decades. An IDS means higher duty on intermediate as opposed to final/finished goods, with the latter often enjoying concessional custom duty under some schemes. The Budget has raised customs duties significantly; Chinese/other imports have swamped India's small- and medium-sized enterprises and large manufacturing companies, raising the import-intensity of manufacturing as well as dampening job growth by raising capital intensity. So it is no surprise that the share of manufacturing in GDP and employment has not risen since 1991. We have ceded ground to China as the 'factory of Asia and the world', a process that must be reversed urgently if we are to realise the 'Make in India' dream.

The goods and services tax (GST), especially the IGST or Integrated GST component, has begun to erode the advantage that the IDS was giving to foreign exporters in Indian markets. Also, the Finance Minister, in Budget 2014, announced the beginnings of a reversal of the IDS in electronics and has sustained that effort in subsequent Budgets. Unfortunately, a series of sectors remain adversely impacted by the IDS.

Advantage China

China had, thanks to a strategic industrial policy it followed for two decades, stolen a march on India in labour-intensive manufacturing exports. But India's policy structure failed to utilise its labour advantage to grow labour-intensive manufacturing exports. The result: while China reduced the absolute numbers and percentage of the poor in the population by absorbing surplus labour in manu-

facturing, India's poverty reduction was much slower. A major reason: while China's agricultural and rural income growth was much higher as it sustained consumer demand, it also generated industrial jobs much faster. While India grew construction jobs very fast since 2000, all the way to 2011-12, manufacturing output and employment growth left much to be desired.

Moreover, analysis shows that between 2004-05 and 2011-12, but much more between 2011-12 and 2015-16, the growth of manufacturing jobs not only first slowed after 2011-12 but also became negative. The most labour-intensive manufacturing sectors which account for over half of total manufacturing employment in India (60 million in 2011-12 to 2015-16) could get a fillip now due to raised customs duties, thanks to the Budget.

Customs duties have been raised on capital goods and electronics, and silica for use in manufacture of telecom grade optical fibre. These have been among the sectors adversely impacted by the IDS in the past 10 years or so. Duties have also been raised on labour-intensive manufactures such as food processing, footwear, jewellery, furniture, toys and games.

Some have seen this as a return to pre-1991 'protectionism'. This reading is misplaced for two reasons. Reduction of tariffs (1991-1998) was precipitous, from an average rate of 150% to 40% by 1999, and to 10% in 2007-08, especially in manufacturing. Indian manufacturers, unreasonably protected till 1990, were suddenly exposed to competition. A slower reduction would have enabled them to adjust to import competition, upgrade technology, and compete. The sudden onslaught of lower-priced imports decimated many domestic enterprises, although it benefited domestic consumers with an array of consumer products. Domestic traders gained too.

Unfortunately, this overexposure gathered momentum as from the early 2000s, free trade agreements with much of East/South-east Asia reduced tariffs further,



flooding Indian markets with Chinese and other country products – consumer (durable and non-durable) and capital goods.

Chasing jobs

Meanwhile, beginning 2000, the number of those joining the labour force grew sharply to 12 million per annum till 2004-05; as domestic manufacturing employment growth was slow, they could only be absorbed in agriculture or traditional services; and informal employment grew even more than ever before. However, with GDP growth picking up from 2003-04 onwards, non-agricultural jobs began to grow at 7.5 million per annum.

Two fortuitous, though policy-induced, developments have saved the day since 2004-05, reducing sharply the number of entrants to the labour force. First, as population growth fell from 1990 onwards, entrants to the labour force fell. Second, as school education access grew rapidly, post-Sarva Shiksha Abhiyaan, children remained in school.

However, these entrants, much better educated than the earlier cohort, are now entering the labour force. Where will they be absorbed? Not in agriculture. The hard labour of construction work is also not attractive to them. They want either white-collar jobs in the private or preferably public sector, or in industry or in modern services. But are such jobs growing fast enough?

Recent data from multiple sources such as the government's Annual Labour Bureau survey, with a sample size larger than the NSS, and the Centre for Monitoring Indian Economy indicate that job growth is lower than entrants to the labour force. The youthful labour force, between 15 and 29 years, saw a very sharp increase of

40 million, from 147 million to 187 million between 2011-12 and 2015-16.

Fall in agricultural jobs

The share of the workforce in agriculture has been falling steadily, from 60% in 1999-2000 to 49% in 2011-12, but the fall has slowed sharply after 2011-12, when the pace of non-agricultural job growth slowed along with GDP growth. Between 2004-05 and 2011-12, the numbers in agriculture had been at a rate of 5 million per year. Since 2012, the numbers leaving agriculture over 2011-12 to 2015-16 fell to 1 million per year, as non-agriculture jobs grew slowly since 2011-12.

More worrying is that while the number of youth in agriculture fell between 2004-05 and 2011-12 – from 87 million to 61 million – after 2011-12 there was a significant increase of youth in agriculture. Between 2011-12 and 2015-16, there was a 24 million increase, from 61 million to 85 million, in youth in agriculture, a retrogressive development since education levels have risen, while the aspiration of such youth is for non-agricultural jobs.

How slow job growth has been since 2011-12 is demonstrated by the manufacturing workforce (organised and unorganised) declining overall and for youth as well. It appears that as GDP growth slowed after 2011-12, youth who had benefited significantly from jobs in manufacturing have suffered disproportionately. Of all youth employed, those in manufacturing had risen between 2004-05 and 2011-12, from 14.5% to 16%. This dropped precipitously to 10.8%, just as the share of all employment in manufacturing fell, between 2011-12 and 2015-16. The only sector with a significant increase in labour absorption, especially the young, has been services, where employment rose from 36 million in 2011-12 to nearly 52 million in 2015-16 for them, and for all labour from 127 million to 141 million.

Incidentally, sheer formalisation of erstwhile informal jobs/enterprises, thanks partly to demo-

netisation and then GST, is not the same as new job creation (unlike what has been claimed, based on some ill-informed research).

Looking ahead

The GST, especially its inter-State component, has resulted in a neutralisation of the IDS, which had come to prevail. It has also, as the Economic Survey 2018 has rightly claimed, led to a formalisation of some informal firms, and hence workers (by registration in the Employees' Provident Fund Organisation).

The resolution of the twin balance sheet problems (of companies being over-leveraged and banks unable to lend due to mounting non-performing assets), together with the Insolvency and Bankruptcy Code, should now open the floodgates for new manufacturing investment.

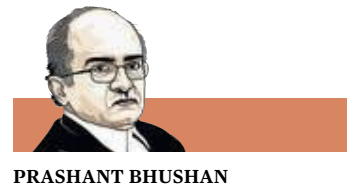
Of course, manufacturing exports (labour or capital intensive ones) are unlikely to take-off if the rupee continues to strengthen against major foreign currencies. Exports are today well below what they were a decade ago.

Finally, policy must attempt to close the loop between rising demand and supply through consumer demand, which the Budget attempts through its agriculture and rural infrastructure focus. As GDP growth rate boomed between 2003-4 and 2013-14 to 7.9% per annum because of rising demand, real wages rose because agricultural labour revived and the rural labour market tightened. This is because non-agriculture jobs grew faster than entrants to the labour force. That sweet phase is long past. Without closing the loop of consumer demand and supply, neither GDP growth nor job growth will quicken. More manufacturing policy initiatives, such as an early announcement of an Industrial Policy by the Department of Industrial Policy and Promotion, must be sustained over 2018.

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A roster of questions

Collective decision-making must inform the allocation of cases in the Supreme Court



PRASHANT BHUSHAN

It would be absurd to construe the new roster for allocation of cases in the Supreme Court, with division of work among the judges according to various subject categories, as a move towards greater objectivity or fairness. This new roster comes on the heels of an important press conference by the four senior-most judges of the Supreme Court expressing dissatisfaction at the manner of allocation of cases and the high-handedness of the Chief Justice of India in asserting his supremacy as master of roster to the exclusion of the senior judges of the court. But even a cursory glance at this new roster raises more questions than puts to rest the issue of a fair and transparent

roster for allocation of cases in our apex court.

In consultation?

Was this roster prepared in consultation with senior judges of the Supreme Court? Have the cases been allocated according to a particular judge's expertise in a subject matter? Has the allocation been done in keeping with principles and procedures that have been accepted globally as necessary for transparency, fairness and accountability? The roster raises these and many more questions.

The roster that was put out to be operationalised from February 5 has given impetus to more speculation and has become a stronger ground for criticism of the prevailing practice at the Supreme Court. The roster aggregates all important cases to the Chief Justice of India – politically sensitive cases, all fresh public interest litigations, social justice matters, contempt of court matters, matters dealing with appointment of constitutional functionaries, among others.



Mundane cases with little political significance have been assigned to the other senior judges. Despite the judges going public with their discontent, the Chief Justice went on to exclude them from the range of important Constitution Bench hearings that have commenced this month and that will have a long-term bearing on the state of our democracy.

'A court of equals'

Such concentration of power in the hands of one person violates the foundations of what Justice

P.B. Sawant has called "a court of equals". The Chief Justice of India is only one among equals, with the power to judiciously exercise an important role of constituting benches. This authority cannot be used in an autocratic manner defying all norms of equity and justice and in disregard for principles of neutrality, impartiality and transparency. Either way, case allotment is clearly rule-based, falls well within boundaries of objective criteria and with limited scope for unbridled discretion. Indisciplined exercise of this authority can lead to a complete subversion of democracy.

A just and fair roster must be one that is divided subject-wise among judges according to their experience and expertise in those subjects. Politically sensitive matters should be before the five senior judges of the Supreme Court. Among them, the allocation of individual cases must be by random computer allocation not by the individual decision of any human. For other cases as well, if there is

more than one judge dealing with a particular subject then cases belonging to that subject should be randomly allocated among the various judges to whom that subject has been allocated.

Regaining authority

Collective decision-making was the bedrock that ushered in the collegium system in 1993. It laid the foundation of consultative procedures for appointment of judges. When appointments are a collective function, the allocation of important cases must be done collectively or at least in consultation with senior judges of the Supreme Court. There is still scope to revisit this roster through the prism of objectivity and fairness. This must be done, for greater transparency and accountability will only yield more authority to our Supreme Court as the supreme custodian of people's rights.

Prashant Bhushan is an advocate at the Supreme Court

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.

Pakodas and policies

The Prime Minister seems to have been drawn into a raging controversy by likening a pakoda seller to someone holding a secure job. BJP president Amit Shah has also jumped into the ring to throw a few punches for Mr. Modi by claiming that selling pakodas is better than being unemployed ("Better to sell pakodas than be jobless: Shah", February 6). What is irksome in all this is the government attempting to take credit for the entrepreneurial nature of citizens, who, ironically, have been left in the lurch on account of government policies and are now desperate for (secure) jobs. The government has failed miserably to create even a fraction of the number of jobs it promised in 2014, and, therefore, has lost all moral right to pontificate to its citizens on the virtues of self-employment. Mr. Shah

needs to offer some words of advice to his party.

ANAND ARAVAMUDHAN,
Chennai

■ Mr. Shah's statement, in the Rajya Sabha, that it is better to earn a living selling pakodas than be unemployed is amusing. This statement needs to be reversed to reflect the reality. Because of unemployment, selling pakodas is taken up to eke out a living. Why? Job opportunities, as promised in the ruling party's election manifesto, have not materialised despite the BJP having been in power for over three years. Creating employment appears to be only a paper slogan and the BJP, which tries to obfuscate the truth with word jugglery, is on slippery ground.

D. SETHURAMAN,
Chennai

■ Mr. Shah's maiden speech did mention the all-round

development achieved by the BJP since 2014. But all his chest thumping will only end up hurting him when it comes to the claim of employment. The job of a pakoda hawker was never mentioned in the party's manifesto. And, pakoda shops have existed for decades. Instead of trying to have the Opposition on the mat by justifying the policies of its party leaders, the BJP appears to be oblivious to the fact that it is running out of time on development and job creation.

DEVANAND VYAS,
Bhopal, Madhya Pradesh

Slow track

There has been scant progress in railway gauge conversion, which began in 2004, between Virudhunagar, Tamil Nadu, and Kollam, Kerala. Work between Virudhunagar and Rajapalayam, in Tamil Nadu, ended in 2007 and was extended to Shencottah in

Tamil Nadu a year later. Conversion between Kollam and Shencottah was finished in part in the Kollam-Punalur stretch, in Kerala, in 2010. However, in mid-2010, train services between Shencottah and Punalur were suspended. After the issue was raised repeatedly, work was completed on the Shencottah-Edamon-Punalur section. After the Chief Commissioner of Railway Safety, Southern Railway, inspected the broad gauge line between Shencottah and Edamon in January this year, the green signal was given for commencing services between Edamon and Shencottah. However, given the slow pace of work so far, one wonders whether people in the region will have to wait for long for a service between Punalur and Shencottah, despite it being a long-standing demand.

A.L. SRINIVASAN,
Kollam, Kerala

Sealing drive

There may be amendments being proposed to the Delhi Master Plan-2021 by the Delhi Development Authority to cushion the blow of the ongoing sealing drive on traders, but the point in all this is that those who are behind the sealing are the ones who supported illegal shops and commercial establishments in the first place (Some editions, "BJP goes into a huddle over sealing", February 3). Political parties now opposed to the sealing are the ones said to have helped

CORRECTIONS & CLARIFICATIONS

The standalone graphic, "A bloc expands" (World, Feb. 6, 2018), gave Serbia's population figure as 7.05 billion. It should have been 7.05 million.

The text of the Sports page story headlined "Sublime Kohli at it again" (early editions, Feb. 2, 2018) erroneously stated that Kohli made an unbeaten 112. The scorecard correctly showed that Kohli was out during the chase.

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, Kasturi Buildings, 859 & 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