



NEET nostrums

The national medical entrance test is here to stay; States must prepare their students better

There was no uncertainty over the medical admission process this year in Tamil Nadu. There were no attempts to get an exemption from the National Eligibility-cum-Entrance Test (NEET). And, willy-nilly, as many as 1.14 lakh aspirants took the examination that has been made mandatory by the Supreme Court as the sole admission window for medical colleges. Yet, the poor performance of students from Tamil Nadu in the entrance test has demonstrated that the State is still far from being 'NEET-ready'. It is true that a well-intentioned beginning has been made to upgrade the syllabus and to make students more competitive. However, only 45,336 candidates, or 39.6% of those who took the test, qualified for admission. Along with Maharashtra, this is the lowest ratio in the country. What is important is that these candidates are merely eligible for admission, and far fewer students are actually likely to get admission. Further, the chances of many of the candidates in the lower percentiles gaining entry into a government medical college are quite low, and many of them may not be able to afford to pay for seats in private colleges. Proponents of NEET may maintain that its objectives – ensuring uniformity in standards of medical education by admitting students on the basis of a common national test and eliminating capitation fee for medical courses in private institutions – are being successfully met. However, it is a moot question whether the commercialisation of education has been really eliminated, and whether the admission policy is sufficiently inclusive for this large and diverse country.

Lavish advertisements, as well as interviews with toppers, make it quite obvious that those who can afford expensive coaching classes have a distinct advantage in this system. Like many other competitive examinations, NEET has spawned a coaching industry, with some parts of the country proving to be ideal locales for academic sweatshops. Many of those in the top percentiles have attended long-term coaching classes as well as crash courses, paying exorbitant fees. There is anger in Tamil Nadu against this perceived socio-economic asymmetry built into the medical admission process that keeps medical courses out of bounds for disadvantaged sections. Such feelings intensified as a result of at least two young women committing suicide after they failed to clear NEET. One of them had enough marks in her higher secondary examination to gain admission to a medical college, if the State government had its own admission system. But overall, there is no escaping the fact that the country is committed to having uniform standards in medical education, and that this can play a role in meeting the important objective of maintaining standards in health care. NEET is here to stay and State governments are now best-advised to upgrade academic standards and prepare their students better. This will help in seeing that India's healthcare infrastructure continues to get a steady inflow of medical manpower drawn from all sections of society.

A vicious cycle

The escalating trade wars will hurt economic growth worldwide

Nobody wants to lose a trade war. The European Commission on Wednesday announced it would impose tariffs as high as 25% on imports worth \$3.3 billion from the U.S. beginning July. A whole range of American goods, from motorbikes and jeans to peanut butter and orange juice, will now face higher taxes when sold in the European Union zone. The Commission is also mulling import duties on more American goods if the trade war with the U.S. intensifies. Europe is not alone in waging a battle against imports from the U.S.; China, Mexico and Canada have joined hands in response to President Donald Trump's decision to impose tariffs on steel and aluminium imports. Last week, the U.S. imposed a 25% tax on steel and a 10% tax on aluminium imports from the EU, Mexico and Canada. The first salvo in this ongoing trade war, however, was fired by Mr. Trump in March this year, when he imposed tariffs on Chinese steel and aluminium to protect American producers. Workers in America's manufacturing sector have played a key role in Mr. Trump's electoral success, so his zealotness to be seen to be protecting their interests is unsurprising. However, consumers in America and the rest of the world are likely to suffer as their respective governments make it costlier for them to access foreign goods and services.

Judging by their actions, it is now clear that America's major trading allies would not really want to lose this trade war against the U.S. The sad fact, however, is that at the end of the day nobody actually wins a destructive trade war. Tariffs that seek to disadvantage foreign producers in favour of domestic producers, whether they are imposed by the U.S. or any of its major trading partners such as Europe or China, only increase the burden of taxes. What this leads to eventually is slower global economic growth. The World Bank has warned that the effect of the increased use of tariffs to regulate international trade could be similar to the significant drop in global trade after the financial crisis a decade ago. Countries that are protesting America's metal tariffs in the name of free trade are also only encouraging further protectionism when they impose retaliatory tariffs. As former Reserve Bank of India Governor Raghuram Rajan aptly put it, the ongoing trade war is a "lose-lose situation" for the warring parties. The only winners will be special interest groups and consumers in countries that do not engage in the tit-for-tat tariff war, but their winnings will come at the cost of global growth. It is high time countries worldwide come together to promote the cause of free trade.

An unexceptional economic performance

It is now clear that the Indian economy is moving along a lower growth path



PULAPRE BALAKRISHNAN

At the end of May the Central Statistics Office (CSO) released much-awaited estimates of national income for the final quarter of the 2017-18 financial year. The timing coincided with the completion of four years in office of the National Democratic Alliance (NDA) government. In a propaganda blitz, surging through the Net, the government embraced the GDP figures to declare that it has successfully "accelerated growth". However, while this holds true for the past few quarters it does not when the past four years are taken into the reckoning. The facts are that the annual rate of growth since 2014 has first risen and then declined. By 2017-18 growth at 6.6% was less than the 6.9% it was in the final year of the second United Progressive Alliance (UPA) government.

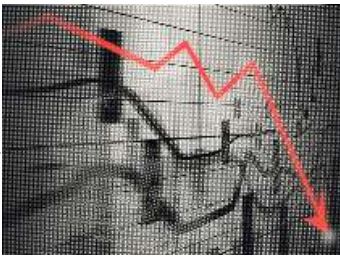
Along which horizon?

So how you see the growth performance of the economy under Prime Minister Narendra Modi depends on the horizon chosen. When you take a view longer, you see that on average annual GDP growth in these years is, thus far, no higher than what it was earlier. Actually, by a certain calculation, it is exactly the same but such precision is hardly necessary to conclude that the NDA has not done much better than its predecessor as far as the growth of the economy is concerned. There are of course other aspects of an economy that should legitimately be of our concern but this government has generally prioritised produc-

tion as reflected in its attention to the 'ease of doing business' and its flagship programme 'Make in India'. It is indeed right that there should be focus on production, as incomes are low in India and the expansion of employment is a function of the growth of output. However, growth has not taken off under this government in a way that was anticipated during the election campaign of 2014. The accelerating growth in the most recent quarters may be placed in perspective as follows: the economy is accelerating along a lower growth path. Further, and it needs recognition, that the Modi government had inherited a strongly accelerating economy.

The reason for the lack of success in accelerating growth may be understood by a claim regarding the performance of the government by a leading member of the Prime Minister's Economic Advisory Council made soon after the CSO's announcement. He claimed that the four-year period just past had seen more reforms than ever in India's history, citing the demonetisation and GST as instances. Even without accepting less charitable descriptions of demonetisation, such as that it shook confidence in the currency, it is questionable whether any of the changes since 2014 compare with the reforms of 1991. The latter altered the policy regime in a way that the recent changes have not. Anyway, the question remains as to why the economy has not responded with alacrity to reforms that were supposedly so significant. Some factors may be identified, all of which point to the role of demand. The reforms since 2014 have mostly focussed on the supply side of the economy.

The first factor alluded to above is macroeconomic policy. We have seen four years of contractionary



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macroeconomic policy. The only question is whether the government is unable to see this or that it has stubbornly persisted with what it believes to be a virtue. Let us take the fiscal and monetary policy stances in turn. As part of a tacit all-party agreement, the fiscal deficit has been lowered over the past nine years. Fiscal consolidation, as this drive is tendentiously referred to, lowers aggregate demand. Its votaries claim that 'crowding out' will work in reverse to boost private investment, thus restoring the original position. This has not happened yet, and a decade is a long enough time to have allowed it to play out if it is inevitable. There is a way of dealing with the demand-contracting effects of fiscal consolidation. That is, to bring about expenditure switching in the government budget, whereby expenditures with high multiplier effects are privileged over those with a lower potential on this score. For instance, the government can change the composition of capital outlay and subsidies, expanding the former at the expense of the latter. The government has not done it, instead sticking to the extant subsidy regime, showing itself to be no less political from its predecessor in this regard.

Budgetary strategy

Two points may be made about the Modi government's budgetary strategy. First, over the five budgets it has presented, it has main-

Questions of promotion

Barring a few exceptions, the judiciary has not been encouraging on quotas



FAIZAN MUSTAFA

The Supreme Court's one line order that the government can go ahead with promotions in government offices – which will have bearing on Scheduled Caste/Scheduled Tribe (SC/ST) reservations in promotions – has come with the caveat "in accordance with law". This is no victory at all as all such promotions, if made, will again be challenged due to a non-fulfilment of conditions laid down in earlier judgments (which under Article 141 of the Constitution are "law declared by the Supreme Court which is binding on all courts"). The solution could be an ordinance if the Dalit cause is dear to the government.

Significant verdicts

Barring a few exceptions, the judiciary has not been encouraging on reservation policies. In the *State of Madras v. Srimathi Champakam Dorairajan* (1951), which related to medical and engineering seats, the Madras High Court struck down the reservation policy. The judgment led to the first amendment to the Constitution to protect reservations. The newly introduced Clause (4) of Article 15 read: "Nothing in this Article or in Clause 2 of Article 29 shall prevent the State from making any special provision

for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes and the Scheduled Tribes."

In *M.R. Balaji* (1962), the Supreme Court did make some positive observations. These included: the government need not appoint a commission to determine backwardness under Article 340 prior to formulation of a reservation policy; executive orders giving reservation are valid; caste is important but not the sole determinant of backwardness; and 'caste' and 'class' are not synonymous. The court struck down the distinction between 'backward' and 'more backward' communities and termed 68% reservation as a 'fraud' on the constitutional powers conferred on the state by Article 15(4). It also introduced a 50% upper limit in reservation. This judicial innovation is unreasonable as there is no statistical basis to argue that efficiency will be adversely affected if reservation exceeds the 50% limit or if it is extended to promotions.

In *C.A. Rajendran* (1967), where governmental policy of 1963 that did not provide for reservation of posts in class I and II posts was challenged, a five-judge bench upheld the policy by saying that reservation both in appointments and promotions is merely discretionary rather than the constitutional duty of the state. In *T. Devadasan* (1963), the "carry forward" in reservations (if reserved seats remained unfilled in a year they would be carried forward subsequently) was struck down.



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In *State of Kerala v. N.M. Thomas* (1975), the Supreme Court did extend the benefit of reservations to promotions while upholding the rule that gave further exemption of two years to SC/ST candidates in passing the tests.

In *Indra Sawhney* (1992), where 27% Other Backward Classes (OBC) reservation was challenged, a nine-judge bench authoritatively laid down the law on reservation. The positive findings were: Article 16(4) is not an exception to the right to equality of opportunity provided under Article 16(1) but an illustration of the right to equality of opportunity; a caste can be and quite often is a social class in India; a classification between 'backward' and 'most backward' is constitutionally permissible, and *T. Devadasan* was wrongly decided. But here too the court explicitly said that in future reservation, benefits cannot extend to promotions and 'creamy layer' is to be excluded in reservation for OBCs. Further, reservation though not 'anti-merit', should not apply to some services and certain posts.

The government brought in the 77th amendment to the Constitution in order to overturn *Indra Sawhney* on the issue of promotions. But in *Virpal Singh Chauhan* (1995), and subsequently in *Ajit Singh* (1999), a 'catch up rule' was

tained the share of capital expenditure but this has occurred alongside a declining total expenditure, perhaps motivated by the pursuit of 'less government'. The net effect of these is a slightly lower budgetary capital outlay as a share of GDP. Second, the rate of growth of 'government final consumption expenditure' has been steadily increased. The growth implications of such a strategy are obvious.

What about monetary policy? Here we have been observing a stance not just contractionary but one bordering on the reckless. Though producer price inflation has continued its downward trend since 2014, the policy rate of the Reserve Bank of India has not kept pace, raising the real cost of borrowing. While there has been self-congratulation on the part of government that it engineered a shift to inflation targeting as the alpha and the omega of monetary policy in India, there is insufficient acknowledgement that when faced with food price inflation the mechanism works by sacrificing output. The latter feature is either ignored, or, worse still, actually rationalised as optimal. The irony is that while India finally has 'inflation targeting' it does not yet have an effective anti-inflationary policy, which would be to ensure food supply at steady price.

So, unimaginative conduct of macroeconomic policy has resulted in slowing demand growth. The second factor contributing to slack demand in the economy has been agricultural performance. In the first two years of this NDA government, the weather cycle wreaked havoc by reducing agricultural output in 2014-15 and barely increasing it in 2015-16. The growth of agricultural incomes could not but have been affected by this. In 2016-17, however, agricultural out-

put rebounded, posting very strong growth. But now demonetisation, by disrupting the supply chain, is likely to have not just stymied the growth of agricultural incomes but actually lowered them. The growth of manufacturing reflects this. The CSO's estimates show that it declined considerably in 2016-17, and by 2017-18 was barely half of what it was in the year before the demonetisation. 'Make in India', which had targeted manufacturing, has not had much success despite any progress made on the ease of doing business.

Despite the advantages

What about the role of the external environment in domestic growth? Till recently, it has mostly been benign. For three years running from 2014-15 the price of oil fell continuously. The windfall could have been used to step up India's creaking public infrastructure to address hardship and boost demand. But it appears to have been used up expanding government consumption expenditure. Another favourable development, which unlike the oil price decline continues, is that the world economy is growing steadily for the first time since the global economic crisis set off in 2007-08. Surprisingly, however, India's export performance since 2014 is far less impressive than it was in the five years following the crisis. The balance of payments is being shored up by capital inflow, much of it short-term. India's high foreign reserves, advertised by the Prime Minister at Davos, reflect this aspect rather than dollars earned. This is costly for growth. It keeps interest rates high and demand shackled.

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introduced under which senior general candidates who were promoted after SC/ST candidates would regain their seniority over SC/ST candidates promoted earlier. As a result, the 85th amendment had to be passed to reverse these judgments and to give consequential seniority to SC/ST candidates.

The two amendments were challenged leading to *M. Nagaraj* (2006) in which the court made certain unusual observations: the concept of SC/ST reservation is hedged by three constitutional requirements – backwardness of SC/STs, inadequacy of their representation in public employment, and overall efficiency of administration. A number of High Courts following *Nagaraj* have struck down reservation in promotions after applying these requirements.

Surprisingly, the bench in *Nagaraj* also went against the judgment of *Indra Sawhney* where the court had said that SC/STs were definitely socially backward. In 2004 a constitution bench in *E.V. Chinnaiah* did admit the backwardness of Dalits and said that SCs are not only backward but indeed most backward.

Moreover, since the backwardness of SCs was taken into account (Article 341), *Nagaraj* was erroneous in insisting on quantitative collection of data to prove their backwardness. Ironically no petitioner in *Nagaraj* disputed the backwardness of Dalits.

The judgment is also off the mark on the issue of exclusion of the creamy layer in promotions. When this layer is not relevant at

the initial appointment, how can its exclusion be insisted upon in promotions? In fact, in *Ashoka Kumar Thakur* (2008), the Supreme Court clarified that the creamy layer doctrine has no relevance in SC/ST reservation.

On efficiency

Efficiency is demonstrated in the performance of employees. No research has so far proved that SC/ST employees are less efficient than employees recruited under the general category. And the judiciary should not pre-judge the efficiency of any category of employee prior to their appointment/promotion. Justice Chinnappa Reddy in *K.C. Vasanth Kumar* demolished the efficiency argument when he said: "Efficiency is very much on the lips of the privileged whenever reservation is mentioned." He added: "The underlying assumption that those belonging to the upper castes and classes, who are appointed to the non-reserved castes will, because of their presumed merit, 'naturally' perform better than those who have been appointed to the reserved posts and that the clear stream of efficiency will be polluted by the infiltration of the latter into the sacred precincts is a vicious assumption, typical of the superior approach of the elitist classes." In 2017, the Supreme Court finally referred reconsideration of *Nagaraj* to a Constitution bench.

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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.

Pranab at Nagpur

Luminous flashes marked former President Pranab Mukherjee's speech at a Rashtriya Swayamsevak Sangh function ("We derive our strength from tolerance: Pranab", June 8). Those who vehemently objected to his participation have been left embarrassed as he did not deviate from the ideology of Mahatma Gandhi and Jawaharlal Nehru. He also attempted to lay out a road map to find solutions to India's numerous problems. There is no doubt that we derive our strength from tolerance, as the former President has said. Vibrant India has different religions and steps must be taken to overcome the sectarian divide. Mr. Mukherjee

needs to be complimented for bearding the lion in its den with his careful and straightforward analysis of the spirit of India.

C. RAJASEKARAN,
Kumbakonam, Tamil Nadu

■ Mr. Mukherjee's visit and speech were a pointless exercise, as it is well known that those in Nagpur will never see reason. What binds them is a narrow path of nation-building based on encouraging communal antipathy.

KARTHIK G.,
Chennai

■ Mr. Mukherjee did receive a lot of flak but what is commendable is that he took the decision to address such a hardline organisation and speak of matters which the

organisation is very orthodox about. The thin lines between nationalism, patriotism and communalism is an aspect he managed to portray profoundly. It should be remembered that he represented his old political party and did a great job in doing so. Democracy in India is not a notion and has been earned after a hard struggle.

WINI FRED GURUNG,
New Delhi

■ Mr. Mukherjee has proved his critics wrong with his exemplary articulation of what defines nationhood while warning that any attempt to define the country through religion will only undermine the country's existence. By emphasising the fact that India's soul

resides in pluralism, the former President has proved himself to be a bold and visionary statesman. In today's climate of fear, hatred and intolerance, his speech is a whiff of fresh air.

M. JEYARAM,
Sholavandan, Tamil Nadu

■ There is an inherent dichotomy in Mr. Mukherjee describing the RSS founder as "a great son of Mother India" and, at the same time talking about upholding "the plurality of our society". The RSS founder's belief was quite the opposite and as a logical extension of this doctrine, the RSS has been for creating a "Hindu Rashtra". The RSS, as an organisation, is alleged to have stayed away from joining the freedom

movement. One cannot erase embarrassing historical facts.

S.K. CHOUDHURY,
Bengaluru

Court on film

In connection with the report "Supreme Court parts the waters for Kaalaa" (June 7), it was difficult to comprehend how the Supreme Court bench concluded that "everybody"

CORRECTIONS & CLARIFICATIONS:

In the "It's complicated" response in the OpEd page article, "Is the Indian economy on an upswing now?" (June 8, 2018) it was erroneously stated the investment-GDP ratio was 38% of GDP at its peak in 2017-18. It should have been 2007-08.

The Business page report headlined "TTC introduces anti-ageing skin creams" (June 8, 2018) erroneously said that the company had introduced a *body oil* under the Vivel brand. Actually, it was a *soap with lotus oil* under the Vivel brand.

A Sports page graphic titled "For IPL's elite, age no bar" (May 29, 2018) erroneously gave Umesh Yadav's economy rate as 15.95. It should have been 7.86.

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