



Boost for Marathas

The Bombay High Court verdict in favour of the quota needs examination

The Bombay High Court verdict upholding reservation for Marathas in public employment and education must come as a major relief to the Maharashtra government, which has faced strident agitations from the community in the past for reservation benefits. When Maharashtra enacted special legislation to confer reservation benefits in education and public employment on the Maratha community last year, a formidable legal challenge was expected. The law created a group called 'Socially and Educationally Backward Class' and included Marathas as the sole group under the category, and extended 16% reservation outside the existing quotas for Scheduled Castes and Tribes, and other tribes and backward classes. The foremost hurdle was the fact that the additional Maratha component would take the reservation up to 68%, thus going beyond the limit of 50% imposed by the Supreme Court. Secondly, there were doubts whether one particular caste group could constitute a special class. The 487-page judgment is a brave effort at answering these difficult questions. Significantly, it has ruled that there were "exceptional circumstances and an extraordinary situation" to warrant the crossing of the 50% limit. It has upheld the government's decision to accept the Maharashtra Backward Classes Commission's report on the backwardness of the Maratha community, faulted it for exceeding the panel's recommendation for 12-13% reservation and pulled back the figure to the recommended level. The failure to treat this group as backward for decades has pushed its members deeper into social and educational backwardness. Thus, it says, an extraordinary situation has been created wherein the State had to treat them as a separate category.

The High Court's reasoning may not convince many. For one thing, it is doubtful whether a politically influential and dominant community can be treated as a special category in itself, even if it is educationally backward and under-represented in the services owing to lack of reservation benefits. The uplift of the Marathas can be achieved by including it in the OBC list. If there were concerns about too large a population sharing too small a quota, the existing OBC reservation could have been expanded, instead of Marathas being given separate reservation. Further, Marathas have been classified as the only member of the newly created 'SEBC'. The court seems to have ignored the fact that being socially and educationally backward is the constitutional reason for OBC reservation. It is befuddling how 'SEBC' can be a separate category outside the OBCs. Further, whether adequate grounds have been established to make an exception to the 50% limit will likely be examined by the Supreme Court closely. Mere expansion of the reservation pool is unlikely to be a constitutional-permissible reason for it.

Primary colours

The Democratic Party is struggling to provide an alternative to xenophobic populism

The crowded stage of 24 aspirants for the Democratic nomination for the 2020 U.S. presidential election is indicative of a larger crisis that has gripped the party. The first primary debate took place over two days this week. The fragmentation of the Democratic constituency, which is increasingly less than the sum of its parts, is evident. The frontrunner is former U.S. Vice President Joe Biden, who, at 76, is 30 years older than the average age of three Democratic Presidents who reinvented the party at critical junctures – John F. Kennedy, Bill Clinton and Barack Obama. Carrying the burden of his 50 years in politics, Mr. Biden was in the crossfire of his rivals. Mr. Biden was accused of clinging on, and compromising with, racist positions and segregationists in the past. His positions, indefensible by the present standards of justice and progress, were taken in a different era and century. That the Democratic Party is re-litigating these issues in a 21st century primary contest with the same man at the centre is a sign of its inability to evolve a forward-looking agenda articulated in appealing and inspiring idioms.

California Senator Kamala Harris gained significant momentum for her bid with narrations of moving personal experiences that echoed the protracted struggles for justice and equality in America. Ms. Harris and Massachusetts Senator Elizabeth Warren are two women candidates in the fray with comparable agendas that propose some fundamental restructuring of the American political economy. They will be competing with Bernie Sanders, who nearly felled Hillary Clinton in the 2016 primaries, to be the flag-bearer of the progressive strain within the Democratic spectrum, and potentially the candidate. Mr. Sanders's trailblazing campaign in 2016 de-stigmatised socialism for many, but that has not resolved the central question that baffles American Democrats: how to deal with globalised capitalism. Resolutions to a number of issues such as border security, immigration, healthcare, global trade and minimum wages are predicated on renegotiating the terms of American capitalism and its democracy. The New Deal politics of Franklin Roosevelt that built American welfareism withered over the decades and the tensions between capitalism and democracy came to the fore. The challenge before American Democrats is to confront this question head on and offer futuristic solutions rather than lamenting over the lost order, which is far more arduous than harping on cultural questions. Attempts in that direction were feeble and guarded during the first primary debate. Whether or not the U.S. will have a platform other than xenophobic populism to regroup will depend on how Democrats get their act together.

Even central banks need 'capital' infusion

The RBI must function independently and not be a slave to outdated ideas



PULAPRE BALAKRISHNAN

The central bank of a country sits at the pinnacle of its financial system and is mandated with ensuring its stability. From time to time central banks are directly or indirectly involved in shoring up stressed commercial banks with capital infusion. So it may appear odd to suggest that occasionally even the central bank may need some of its own medicine. After all central banks make a surplus from their operations, and indeed pay a dividend to their governments. The puzzle is resolved, however, when we recognise that capital is not only funds but also ideas.

Time to reflect on role

In the context, one of the ideas is related to the role of the central bank in the economy. That this issue is being brought up more than half a century after a central bank was instituted in India need not be interpreted as some weakness in the original conception. An economic arrangement once made cannot be treated as settled for all time to come. This also holds true for central banks, often considered venerable beyond querying. It's time to reflect on the role of the central bank in India as we hear of impending changes in the higher echelons of the Reserve Bank of India (RBI). The media coverage has focused on differences among

some of its functionaries and the government of India but this is besides the point as there has been complete agreement between them on the role of monetary policy. Moreover for about five years now, the government and the RBI have, as though in concert, implemented a deflationary macroeconomic policy via fiscal contraction and monetary tightening, respectively. One of Prime Minister Narendra Modi's finance ministers claimed credit for the government for having ushered in a period of macroeconomic stability. What this achieved for the economy is a different matter.

A combination of low inflation and small budget deficits was among the prescriptions of the Washington Consensus that reigned for about a decade and a half from the 1990s. With the implosion of the former Soviet Union and the folding up of its east European satellites, this consensus had, via the clout of the U.S., placed a straitjacket on policy makers in the so-called emerging markets, like India. In that moment of triumph it had been thought that the business cycle, or the oscillating trend in market economies, had been permanently tamed. However, as is so often the case in the life of economies, the cunning of history can derail progress with nary a warning. This arrived in the form of the global financial crisis in 2008, which originating in the U.S. soon spread across the world including India. Growth slowed and unemployment rose. The Obama Administration did not hesitate to intervene drastically, strongly



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supported by the Federal Reserve Bank. The fiscal deficit rose threefold and the money supply ballooned. Interestingly, inflation did not rise.

A rethink in macroeconomics

The global financial crisis has led to a substantial re-thinking of macroeconomics. The main revisions are that monetary policy defined by inflation targeting can no longer be treated as the centrepiece of macroeconomic policy, that fiscal policy should be used to stabilise the economy when needed and that financial regulation is a must. The limitation of inflation targeting was understood when the 'great moderation', an extended period of low inflation in the west, ended in the financial crisis. It is this that has led to the view that light regulation of the financial sector, as advised by the then Governor of the Federal Reserve Alan Greenspan, can be a recipe for disaster. Finally, it has come to be recognised that assertions of the impotence of fiscal policy may be exaggerated. There could be times when the private sector is held back by the state of the economy. In a recession this would delay recovery. Now fiscal expansion would be necessary. Apart from

theoretical demonstration of the stabilising potential of fiscal policy the belief that the explosion of the U.S. fiscal deficit following the crisis actually saved the day has very likely contributed to the rethinking. The general consensus now is that there should be no going back to the pre-crisis practices of narrow inflation targeting, inflexible fiscal policy, and kid gloves for the financial sector.

Lessons to learn

It is hoped that the Reserve Bank of India and the economic policymaking establishment will take into account the evolving understanding of macroeconomics globally. It is unfortunate that policymaking in India has been stuck in the past. This would not have mattered if the consequences were benign. The government has taken credit for attainment of macroeconomic stability, defined by low inflation, even as unemployment has been rising since 2011. A continuously declining fiscal deficit has not restrained the RBI leadership from paying hawk-eyed attention to it, constantly lecturing the elected government of the perils of even the slightest deviation from the path of fiscal consolidation, when strictly it is not its business to do so. It should instead focus on putting its own house in order. Two instances of a failure to do so may be mentioned. Ever since we have had de facto inflation targeting in India, from around 2013, the real policy rate has risen very substantially. This has been accompanied by declining borrowing in the formal sector likely affecting investment. Infla-

tion has come down but it was already trending downward, possibly due to the slowing growth. Subsequent inflation reduction has been assisted by the declining price of oil. Evidence of the role of inflation targeting in reducing inflation in India is weak, as summarised in the study 'The dynamics of inflation in India' (Working Paper 485, Centre for Development Studies, Thiruvananthapuram, May 2019) by M. Parameswaran and myself. Ironically, we have had in India the replay of a scene from the global financial crisis where a central bank focusing on inflation loses sight of brewing financial instability. The crisis at IL&FS, with a group company defaulting on its payment obligations jeopardising the interests of hundreds of investors, banks and mutual funds is only a specific case in point. The larger story is of the steady rise in the non-performing assets (NPAs) of banks even as inflation was abating.

A popular reading is that recently the RBI has had to face some pressure exerted by the government's nominees. This may well have been the case. But what we need is not just a central bank that is left to function independently, but also one that is not a slave to some defunct school of thought. It has many mandated functions, among them ensuring an adequate supply of clean currency notes in denominations sought after by the ordinary Indian.

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Things to do to avoid another water crisis

The Chennai water problem must result not in fire-fighting strategies but in systematised solutions



'AMERICA' V. NARAYANAN & KAVYA NARAYANAN

Chennai has been reeling under its worst water crisis in decades with its four main reservoirs (Sholavaram, Chembarambakkam, Poondi and Red Hills) nearly empty. The city has not had rain in nearly 200 days; only over the past few days has the city seen light rainfall. Groundwater too has been over-extracted. The Tamil Nadu Chief Minister has announced that 10 MLD (million litres a day) of water will be transported to the city for the next six months from Jolarpettai, Vellore district. The Tamil Nadu government has also accepted Kerala's offer to provide water.

At the political level, rainwater harvesting (RWH) was initiated in 2000 at Sathyamurthy Bhavan. Subsequently the government under J. Jayalalithaa mandated RWH in Tamil Nadu, from 2003 onwards. This meant that building approval for new apartments and dwellings were not to be granted by the Chennai City Corporation unless the building plan included a RWH component. The order also mandated that all existing buildings in Tamil Nadu install RWH structures.

Sixteen years later, we are back

to square one. An audit by the non-governmental organisation Rain Centre has shown that most government buildings in Chennai do not have a functioning RWH structure; these include several police stations and municipality buildings. Now, the Greater Corporation of Chennai has ordered the inspection of RWH structures, much after the crisis.

The issue with any crisis in India is the fire-fighting strategy that we adopt as a response as opposed to systematised solutions. These stop-gap arrangements are soon forgotten when things temporarily go back to normal instead of making an attempt to deeply engrain these practices in the system. This level of action, especially during the floods, is usually undertaken at the level of the National Disaster Management Authority and the National Disaster Response Force. Local follow-up measures that are necessary to sustain results are ignored. During the floods in Chennai in December 2015, the encroachment of wetlands was widely cited as a key issue. Vanishing catchment areas had resulted in floods. Three-and-a-half years later, no formal mechanism has been put in place to check whether wetlands are being desilted and whether we can avoid a similar flood-like situation again.

Need for water governance

According to a recent NITI Aayog report, 21 Indian cities will run out of groundwater by 2020 if usage continues at the current rate. Wa-



B. JOTHIRAMALINGAM

ter governance in cities across India has been ad hoc. Learning their lessons from the Chennai crisis, other metropolitan cities should now set up urban water planning and management boards, a permanent body similar to urban development authorities, that regulate the supply, demand and maintenance of water services and structures.

On the supply side, this authority should monitor and regulate groundwater in Chennai. Water supply by private tankers must also be regulated with pricing for their services having reached exorbitant levels. This year, a tanker of approximately 12,000 litres cost ₹6,000 in several places, almost seven times the cost of water supplied by Chennai Metro Water. Last year, the same amount of water cost ₹2,000. Additional desalination plants should also be commissioned as this water can result in water prices reaching to below 6 paise a litre. Experts are of the opinion that the beds of existing lakes can be deepened for greater

water storage and better water percolation. Desalinated water is less expensive than water supplied by private tankers. However, since Chennai Metro Water charges a flat rate for use of this water, there is no incentive for judicious use.

Thus, on the demand side of things, Metro Water and groundwater use should be measured and priced progressively, similar to the electricity tariff, where the quantity of use determines the price. The board can practise differential pricing and cross-subsidise those households with a lower per capita income use of water. For this to be implemented effectively, water meters are a must.

Stakeholder coordination

The urban water management board should also oversee the desilting of lakes in the city on a regular basis. The management of lakes comes under the Public Works Department, which works in isolation from Chennai Metro Water. This lack of coordination leads to a water policy that operates in silos. The board must also have regulatory powers to monitor the maintenance of RWH structures at homes and in offices. In existing RWH structures, pipes are either broken or clogged, filtration equipment is not cleaned, bore pits have too much silt and drains are poorly maintained.

The body also needs to work in coordination with governments on granting approvals to new mass working spaces. Water scarcity has resulted in the IT corridor in Chen-

nai suffering, with most companies even asking employees to work from home. The myopic policies of the government in providing incentives to the IT corridor without looking at their water-use necessities and asking them to make provisions for this has cost them dearly. This is in contrast to the manufacturing sector around the Sriperumbudur-Oragadam belt, where a number of companies and large manufacturing units have been able to maintain production due to efficient water management practices. For example, in one unit, there is a rainwater harvesting pond and all buildings inside the complex are equipped with facilities for artificial ground water recharge.

The scarcity of essential resources not only leads to economic losses but also social unrest; an extreme case in Chennai resulted in a woman being attacked over water troubles. We must also learn from the experiences of other cities across the world such as Cape Town, South Africa, where water saving is being driven through the concepts such as Day Zero, thus prompting better and more efficient use of water. A sustainable governance solution to this problem along with public participation is essential to ensure that our future generations do not suffer as a result of our failures.

'Americal' V. Narayanan is a Tamil Nadu Congress spokesperson. Kavya Narayanan is a commerce graduate pursuing entrepreneurship

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.

Tariff issue

The U.S. appears to be blowing hot and cold, deliberately ("Trump terms India's high tariffs on U.S. products unacceptable", June 28). The conciliatory signals that emerged from U.S. Secretary of State Mike Pompeo in New Delhi have been swept aside by the U.S. President's diatribe. It is strange that the U.S. needs India as a long-term strategic partner but is not ready to make any concessions when and where its commercial interests are involved. U.S. President Donald Trump has time and again proved that he does not believe in the diplomatic principle of give-and-take. An expression of India's readiness to forge a closer relationship with Russia and China could perhaps be the best way to make a whimsical Trump

administration see reason.

MANOHAR ALEMBATH, Kannur

Coaching institutes

Parallel educational intervention has hampered the ingenuity and creativity of students ("A policy to regulate coaching centres", June 28). There was a time when tuition and coaching were only for weak students. But today, coaching is fashionable, starting with pre-primary aspirants who may be coached on how to walk in a straight line, catch a ball or identify the colour of smoke or sand. The only way out of this is to strengthen teaching in schools by filling up vacancies, and training and empowering teachers. School administrations should be tough with teachers who neglect classroom teaching. In

parts of India, leading coaching institutions have links with schools. Unfortunately, market forces are too strong to allow course correction.

SAURABH SINHA, Bhillai

■ The role of coaching institutions in undermining mainstream education is somewhat true. But why are such centres flourishing? Most of them teach the same lessons that are taught in mainstream classes. In States such as Kerala, sending students to coaching centres is a status symbol. Before enacting laws to regulate these centres, the government should make mainstream teaching more effective.

VIKAS BALAN, Kannur

■ The writer's fears seem a bit exaggerated. Coaching

institutes do not supplant schools, and creativity and novelty can be nurtured. The point is that our education system is in a shambles and has failed to provide basic education as prescribed by the syllabus. Also, with the advent of technology, the lion's share of coaching is drifting from the classrooms to online systems. Coaching institutes provide gainful employment to many.

DEEPAK SINGHAL, Noida

Nowhere people

The heart-rending image of a father and daughter lying dead on the banks of the Rio Grande after failing to cross into the U.S. tells the horrific plight of migrants fleeing their homelands ("Drowned dream", June 27). The trend of perceiving refugees as a threat to national security and local cultures is saddening. U.S. President

Donald Trump's description of Hispanic immigrants in derogatory terms sums up his attitude towards immigrants. The politics that seeks to prop up the bogey of the migrant with a poor understanding of citizenship across the globe needs to change. Germany is an example the world must emulate as it has not only embraced refugees from Syria but also integrated them into the mainstream.

M. JEVARAM, Sholavandan

Deadly selfie

The report, "Selfies are five times deadlier than shark attacks" (June 28) was an eye-opener. One often sees youngsters obsessed with taking selfies, oblivious to the great risk they are putting themselves. As the number of cellphone users is growing in India, one hopes that the authorities conduct

an awareness campaign to highlight the negative side to the selfie mania. Tourist havens should also have 'no selfie zones'.

C.A.C. MURUGAPPAN, Kothamangalam

Support for UNSC bid

The unanimous support India has won from the Asia-Pacific Group at the UN in support of its bid for a non-permanent seat at the UNSC could spell a paradigm shift in the country's foreign relations as well for the economic sector ("54 nations back India for UNSC non-permanent seat", June 27). Regional cooperation and collaboration are vital in ushering in regional development and economic prosperity. A new world order is also possible.

MAYUKH DEVADAS, Thiruvir

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